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China Oceanwide Holdings Group Co., Ltd.

Auditors' Report

For the Year Ended December 31, 2014

The exchange rate used to convert all RMB figures in this document into USD figures is
1 RMB: 0.1611863 USD (as of December 31, 2014).

China Oceanwide Holdings Group Co., Ltd.
Consolidated Balance Sheet of 2014
AUDITORS' REPORT



ZHONGXINGHUA CERTIFIED PUBLIC
ACCOUNTANTS LLP

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1. Copy of business license of legal person of the ZHONGXINGHUA
CERTIFIED PUBLIC ACCOUNTANTS LLP
2. Copy of a practicing certificate of the ZHONGXINGHUA CERTIFIED
PUBLIC ACCOUNTANTS LLP

Auditor's Report

Continental ZHONGXINGHUA Auditing

(2015) No. BJ04-110

To the shareholders of China Oceanwide Holdings Group Co., Ltd.:

We have audited the accompanying financial statements of China Oceanwide Holding Group Co., Ltd(hereinafter referred to as "the Company") , which comprise the consolidated Balance Sheet as at 31 December 2014, and the consolidated Income Statement, consolidated Cash Flow Statement and the consolidated Statement of Changes in Owner's Equity for the year then ended, and notes to the financial statements.

I. Responsibility of managements to the Financial Statement

Management of the Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control that is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

II. Responsibility of certified public accountants

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards. Those standards require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of an entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Opinions

In our opinion, the financial statements of the Company present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2014, and their operating results and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

ZHONGXINGHUACERTIFIED
PUBLIC ACCOUNTANTS LLP

Chinese Certified Public Accountant:

Chinese Certified Public Accountant:

Beijing · China

April 12, 2015

The auditors' report, financial statements and the accompanying notes to the financial statements are English translations of the Chinese auditors' report, financial statements and the accompanying notes. For avoidance of doubt, in case of inconsistencies as to the presentations of these documents, the Chinese version shall prevail

China Oceanwide Holdings Group Co., Ltd.
Consolidated Balance Sheet
31 December 2014

Unit: USD

ASSETS	Note VI	31-Dec-14	31-Dec-13
Current asset			
Cash at bank and on hand	1	2,526,215,801.41	1,669,852,492.05
Settlement reserve	1	398,105,123.68	153,554,361.57
Financial assets at fair value through profit or loss	2	375,777,014.72	489,529,315.56
Notes receivable	3	643,341.27	183,065.29
Accounts receivable	4	255,718,123.61	173,940,966.55
Advances to suppliers	5	242,345,839.66	384,655,574.92
Repurchase of sale of financial assets	6	38,986,918.03	679,742,787.87
Margin loans	7	521,699,708.05	228,481,529.33
Interests receivable	8	18,276,163.80	10,942,431.09
Dividends receivable	9	539,132.79	25,735,004.66
Refundable deposits	10	33,040,674.42	28,896,253.13
Other receivables	11	2,080,081,482.25	1,927,777,287.70
Inventories	12	5,913,981,211.87	4,880,159,138.70
Non-current assets due within one year	13	28,445,384.88	7,307,214.73
Other current assets	14	115,419,764.69	24,722,583.03
Total current assets		12,549,275,685.14	10,685,480,006.18
Non-current assets:			
Available-for-sale financial assets	15	2,398,011,352.90	1,500,528,222.77
Held-to-maturity investments	16	36,105,731.20	28,207,602.50
Long-term receivables		-	-
Long-term equity investments	17	1,029,886,491.87	919,407,374.81
Membership futures investment	18	225,660.82	225,660.82
Investment properties	19	2,621,402,768.18	1,880,438,491.39
Fixed assets	20	219,776,401.26	208,379,224.11
Construction in progress	21	111,343,025.12	81,206,082.31
Biological assets	22	54.00	54.00
Fixed assets to be disposed of		-	-
Intangible assets	23	19,850,822.54	19,629,017.87
Construction materials	24	414,369.91	414,369.91
Goodwill	25	242,098,814.98	136,015,030.32
Long-term deferred expenses	26	23,615,724.47	17,240,789.03
Deferred tax assets	27	352,993,214.03	289,845,448.51
Other non-current assets	28	902,843,361.50	568,953,380.55
Total non-current assets		7,958,567,792.77	5,650,490,748.90
Total assets		20,507,843,477.92	16,335,970,755.09

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

China Oceanwide Holdings Group Co., Ltd.
Consolidated Balance Sheet
31 December 2014

Unit:USD

Liabilities and Equity	NoteVI	31-Dec-14	31-Dec-13
Current Liabilities :			
Short-term borrowings	29	1,317,620,783.45	737,141,441.46
Financial liabilities at fair value through profit or loss	30	6,817,602.72	-
Derivative financial liabilities	31	12,730.75	
Notes payable	32	12,894,904.00	18,149,577.38
Accounts payable	33	418,544,831.78	321,334,967.85
Advances from customers	34	355,928,013.38	139,587,584.83
Financial assets sold for repurchase	35	214,175,373.19	876,876,083.09
Funds for agency trading of securities	36	1,266,266,490.39	520,492,626.98
Currency deposit payable	37	50,645,069.64	54,124,948.88
Employee benefits payable	38	61,934,850.69	40,516,568.64
Taxes and surcharges payable	39	271,988,065.09	190,352,908.73
Interest payable	40	34,236,696.47	16,992,257.46
Dividends payable	41	739,687.54	2,734,977.18
Other payable	42	386,820,915.58	583,922,707.12
Non-current Liabilities due within one year	43	3,300,478,080.47	1,765,351,762.66
Other current liabilities	44	51,038,072.79	33,822,785.74
Total current liabilities		7,750,142,167.94	5,301,401,198.00
Non-current liabilities:			
Long-term borrowings	45	6,113,435,177.48	5,834,557,053.91
Bonds payable	46	891,793,719.44	451,321,640.00
Long-term payables	47	31,456,207.95	51,328,282.12
Specific items payables		-	-
Accrued liabilities	48	-	220,499.32
Deferred revenue	49	145,067.67	-
Deferred tax liabilities	27	685,381,846.06	475,796,247.53
Total non-current liabilities		7,722,212,018.60	6,813,223,722.88
Total liabilities		15,472,354,186.54	12,114,624,920.88
Shareholders' equity			
Share capital	50	1,257,253,140.00	1,257,253,140.00
Capital reserve	51	523,487,905.80	416,575,740.96
Less: Treasury Stock			-
Add: Other comprehensive income	52	710,598,152.02	185,570,033.87
Surplus reserve	53	74,277,856.29	74,277,856.29
Undistributed profit	54	1,469,340,541.12	1,464,627,484.26
Total equity attributable to shareholders of the company		4,034,957,595.22	3,398,304,255.38
Minority interests		1,000,531,696.15	823,041,578.83
Total shareholders' equity		5,035,489,291.37	4,221,345,834.21
Total liabilities and equity		20,507,843,477.92	16,335,970,755.09

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

China Oceanwide Holdings Group Co., Ltd.
Consolidated Income Statement
31 December 2014

Unit:USD

ITEM	NoteVI	Year2014	Year2013
I .Total Revenue	55	1,434,657,217.45	1,372,925,745.37
Including: Operating Revenue		1,157,646,268.81	1,158,130,188.59
Net interest income		50,012,495.02	25,313,815.59
Fees and commissions net income		226,998,453.62	189,481,741.20
II . Total Cost of operations		1,667,145,881.26	1,542,311,412.48
Including: Cost of operations	55	494,702,278.77	513,606,560.85
Business taxes and surcharges	56	212,047,899.26	195,307,551.38
Selling expenses	57	56,039,628.88	48,313,908.53
Administrative expenses	58	298,964,822.49	285,028,893.83
Financial expenses	59	584,937,373.71	494,263,473.99
Impairment loss	60	20,453,878.14	5,791,023.89
Add:Gain/ (loss) from changes in fair value	61	128,732,956.92	203,957,493.26
Investment income	62	326,247,461.15	248,678,120.64
Including: income from investment in associates and joint ventures		77,793,298.12	156,434,608.75
Exchange income (loss column with "-")		6,025.80	(49,949.19)
III. Operating profit		222,497,780.06	283,199,997.61
Add: non-operating income	63	6,314,440.01	49,552,167.00
Less: non-operating expense	64	25,990,545.35	39,839,058.96
Including: losses from disposal of non-current assets		232,419.15	226,243.91
IV.Profit before income tax		202,821,674.72	292,913,105.65
Less: Income tax expense	65	89,952,486.00	125,952,441.18
V .Net profit		112,869,188.72	166,960,664.47
Attributable to:			
Shareholders of the company		4,725,492.29	108,708,162.20
Non-controlling interests		108,143,696.43	58,252,502.27
VI.Earnings per share			
(I) basic earnings per share			
(II) diluted earnings per share			
VII. Other comprehensive income		542,860,889.84	(99,535,560.35)
Attributable to:			
Shareholders of the company		525,028,118.15	(97,820,214.94)
Non-controlling interests		17,832,771.69	(1,715,345.41)
VIII.Total comprehensive income		655,730,078.56	67,425,104.12
Attributable to:			
Shareholders of the company		529,753,610.44	10,887,947.26
Non-controlling interests		125,976,468.12	56,537,156.86

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

China Oceanwide Holdings Group Co., Ltd.
Consolidated Cash Flows Statement
31 December 2014

Unit: USD

ITEMS	Year2014	Year2013
I Cash flows from operating activities		
Cash received from selling goods and providing services	1,271,570,890.62	1,109,475,015.70
Gain on sale of trading securities	109,701,939.06	(113,694,405.43)
Cash from the interest and commission	314,357,092.24	279,793,752.55
Net increase from the funds borrowed	15,917,331.98	30,372,097.21
Net increase from repurchasing business financing	(28,791,652.55)	116,668,308.44
Refunds of taxes	1,150,385.93	1,100,645.51
Cash received relating to other operating activities	2,343,001,259.08	372,225,584.60
Subtotal of cash inflows from operating activities	4,026,907,246.36	1,795,940,998.58
Cash paid for goods purchased and services received	1,333,119,774.31	1,085,451,940.76
Cash paid for the interest, charges and commissions	25,925,701.15	13,876,888.83
Cash paid to/for staff and workers	217,935,316.51	200,939,753.09
Taxes payments	321,824,962.02	337,830,683.73
Other cash paid concerning from operating activities	2,452,955,774.35	1,784,761,249.16
Subtotal of cash outflow arising from operating activities	4,351,761,528.35	3,422,860,515.57
Net cash flows from operating activities	(324,854,281.99)	(1,626,919,516.99)
II Cash flows from investing activities		
Cash received from investment payback	667,103,914.83	286,602,844.03
Cash received from investment income	146,134,174.26	75,296,719.32
Net cash received from disposal of fixed, intangible and other long-term assets	139,142.26	145,815.05
Net cash received from disposal of subsidiaries and other units	8,064,676.46	-
Other cash received concerning investing activities	15,225,220.63	169,527,426.80
Subtotal of cash inflow from investing activities	836,667,128.44	531,572,805.20
Cash paid for purchasing fixed, intangible and other long-term assets	31,193,976.65	123,123,829.76
Cash paid for investment	1,160,485,781.91	959,501,800.84
Net cash paid for subsidiaries and other business units	142,451,281.05	-
Other cash paid concerning investing activities	41,818,835.75	9,969,658.59
Subtotal of cash outflow from investing activities	1,375,949,875.36	1,092,595,289.19
Net cash flows from investing activities	(539,282,746.93)	(561,022,483.99)
III Cash flows from financing activities		
Cash received from investor	4,835,589.00	280,166,337.20
Including: Cash received from minority shareholders' equity investment by subsidiaries	-	491.24
Proceeds from loans	8,125,773,291.38	6,204,173,667.75
Proceeds from issuance of bonds	439,465,874.25	-
Other cash received concerning financing activities	265,731,709.66	182,692,822.53
Subtotal of cash inflows from financing activities	8,835,806,464.30	6,667,032,827.49
Cash paid for settling debts	5,632,426,309.69	3,123,353,273.39
Cash paid for dividend and profit distributing or interest paying	984,551,163.13	866,465,842.58
Including: dividends or profit paid by subsidiaries to minority shareholders	4,013,538.87	75,886,578.24
Other cash paid concerning financing activities	141,108,960.04	470,127,429.31
Subtotal of cash outflow from financing activities	6,758,086,432.86	4,459,946,545.28
Net cash flows from financing activities	2,077,720,031.43	2,207,086,282.21
IV Influence on cash due to fluctuation in exchange rate	(5,854,156.89)	(1,751,440.41)
V Net increase of cash and cash equivalents	1,207,728,845.63	17,392,840.81
Add: Balance of cash and cash equivalents	1,652,477,839.12	1,635,084,998.31
VI Balance of cash and cash equivalents at the period-end	2,860,206,684.75	1,652,477,839.12

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

China Oceanwide Holdings Group Co., Ltd.
Consolidated Statement of change in owner' equity
For The Year Ended 31 December 2014

Unit: USD

ITEMS	Amount in 2014										Total equity
	Attributable to shareholders of the Company								Minority interests	Others	
	Share capital	Capital reserve	Lessen: treasury stock	Other comprehensive income	Surplus reserves	General risk reserve	Undistributed profit	Specific reserve			
I. balance at the end of last year	1,257,253,140.00	626,041,156.36		(162,703.72)	74,277,856.29	-	1,071,343,835.29		-	795,790,571.91	3,824,543,856.12
Add: Change of accounting policy		(229,244,151.27)	-	229,244,151.27			-				-
Correction of errors in previous period		19,778,735.87		(43,511,413.68)			393,283,648.98			27,251,006.92	396,801,978.09
Adjust to changes in fair value											-
Adjust under the same control combined increase subsidiary ending balance											-
Other											-
II. Balance at the beginning	1,257,253,140.00	416,575,740.96	-	185,570,033.87	74,277,856.29	-	1,464,627,484.26	-	-	823,041,578.83	4,221,345,834.21
III. Increase/ decrease of amount in this year	-	106,912,164.84	-	525,028,118.15	-	-	4,713,056.85	-	-	177,490,117.32	814,143,457.16
(1) Total comprehensive incomes							4,725,492.29			108,143,696.43	112,869,188.72
(2) Other comprehensive incomes										17,832,771.69	542,860,889.84
Subtotal of III (1) and (2)	-	-	-	525,028,118.15	-	-	4,725,492.29		-	125,976,468.12	655,730,078.56
(3) Capital increased and reduced by owners	-	106,912,164.84				-			-	54,705,137.94	161,617,302.78
1. Common shares increased by shareholders											-
2. Amounts of share-based payments recognized in owners' equity											-
3. other		106,912,164.84									-
(4) Profit distribution	-	-	-			-	-		-	54,705,137.94	161,617,302.78
1. Withdrawing surplus public reserve									-	(3,191,488.74)	(3,191,488.74)
2. Drawing general risk											-
3. Distribution to all owners (shareholders)										(3,191,488.74)	(3,191,488.74)
4. Others											-
(5) Internal carrying forward of owners' equity	-	-	-			-	(12,435.43)		-	-	(12,435.43)
1. New increase of share capital from capital reserves											-
2. Convert surplus reserves to share capital											-
3. Surplus reserves make up losses											-
4. others							(12,435.43)			-	(12,435.43)
(6) Specific reserve											-
1. Withdrawn for the period											-
2. Used in the period											-
IV. Balance at the end of this period	1,257,253,140.00	523,487,905.80	0	710,598,152.02	74,277,856.29	0	1,469,340,541.12		0	1,000,531,696.15	5,035,489,291.37

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

China Oceanwide Holdings Group Co., Ltd.
Consolidated Statement of change in owner' equity
For The Year Ended 31 December 2014

Unit:USD

ITEMS	Amount in 2013										Total equity
	Share capital	Capital reserve	Lessen:treasury stock	Other comprehensive income	Surplus reserves	General risk reserve	Undistributed profit	Specific reserve	Others	Minority interests	
I. balance at the end of last year	976,512,295.59	700,323,589.38	-	4,379,196.33	74,277,856.29	-	1,043,956,108.33	-	-	715,994,491.68	3,515,445,537.59
Add: Change of accounting policy		(322,522,466.16)		322,522,466.16			-				-
Correction of errors in previous period		19,778,735.87		(43,511,413.68)			311,963,213.73			27,534,588.62	315,765,124.54
Adjust to changes in fair value											
Adjust under the same control combined increase subsidiary ending balance											
Other		-					-				-
II. Balance at the beginning	976,512,295.59	397,581,859.09	-	283,390,248.81	74,277,856.29	-	1,355,919,322.06	-	-	743,529,080.29	3,831,210,662.13
III. Increase/ decrease of amount in this year	280,740,844.41	18,993,881.87	-	(97,820,214.94)	-	-	108,708,162.20	-	-	79,512,498.54	390,135,172.08
(1) Total comprehensive incomes							108,708,162.20			58,252,502.27	166,960,664.47
(2) Other comprehensive incomes							0.00			(1,715,345.41)	(99,535,560.35)
Subtotal of III (1) and (2)	-	-	-	(97,820,214.94)	-	-	108,708,162.20	-	-	56,537,156.86	67,425,104.12
(3) Capital increased and reduced by owners	280,740,844.41	18,993,881.87	-	-	-	-	-	-	-	46,660,988.07	346,395,714.35
1. Common shares increased by shareholders	280,740,844.41									44,050,301.86	324,791,146.27
2. Amounts of share-based payments recognized in owners' equity											-
3. other		18,993,881.87									-
(4) Profit distribution										2,610,686.21	21,604,568.08
1. Withdrawing surplus public reserve	-	-	-	-	-	-	-	-	-	(23,685,646.39)	(23,685,646.39)
2. Drawing general risk											-
3. Distribution to all owners (shareholders)										(23,685,646.39)	(23,685,646.39)
4. Others											-
(5) Internal carrying forward of owners' equity	-	-	-	-	-	-	-	-	-	-	-
1. New increase of share capital from capital reserves											-
2. Convert surplus reserves to share capital											-
3. Surplus reserves make up losses											-
4. others											-
(6) Specific reserve											-
1. Withdrawn for the period											-
2. Used in the period											-
IV. Balance at the end of this period	1,257,253,140.00	416,575,740.96	-	185,570,033.87	74,277,856.29	-	1,464,627,484.26	-	-	823,041,578.83	4,221,345,834.21

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

**CHINA OCEANWIDE HOLDINGS GROUP CO., LTD.
FOR THE YEAR ENDED DECEMBER 31, 2014
NOTES TO THE FINANCIAL STATEMENTS**

China Oceanwide Holdings Group Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts expressed in USD unless otherwise stated)

I. Company Profile

China Oceanwide Holdings Group Co., Ltd. ("the Company") is a limited liability company established upon approval by State Administration for Industry and Commerce, and obtained the Business License For Enterprise Legal Person with registration number 1000001000773 from the Administration for Industry and Commerce on April 7, 1988. The Company is jointly funded by China Electronic Construction Development Company, Chengdu Hongguang Industries Ltd., and Shenzhen Rebecca Industries Co., Ltd. The following changes have been made thereafter:

1 The Company's registered capital was changed to 120.89 million USD on Jan. 10, 2000, and has been verified by Beijing Zhongda Anyong Certified Public Accountants Ltd. with capital verification report "[2000] J.Z.D.Y.Z No. 01". The Business License For Enterprise Legal Person was renewed thereupon, and the contributors were changed to Shandong Oceanwide Group Ltd., Guang Cai Business Investment Group Ltd., and China Electronic Engineering Corporation.

2 The Company's registered capital was changed to 161.19 million USD on May 22, 2002, and has been verified by Beijing Zhongda Anyong Certified Public Accountants Ltd. with capital verification report "[2002] J.Z.D.Y.Z No. Z10", issued on Mar. 29, 2002. The Business License For Enterprise Legal Person was renewed thereupon, and the contributors were changed to Shandong Oceanwide Group Ltd., and Guang Cai Business Investment Group Ltd.

3. Upon approval by State Administration for Industry and Commerce on Oct. 17, 2006, the Company name was changed from China Oceanwide Holdings Ltd. to China Oceanwide Holdings Group Co., Ltd., and the Business License For Enterprise Legal Person was renewed thereupon.

4. The Company's registered capital was changed to 0.48 billion USD on Dec. 22, 2006, and has been verified by Beijing Jiarun Certified Public Accountants Ltd. with capital verification report "[2007] J.R.Y.Z No. 104". The Enterprise Business License was renewed therewith, and the contributors were changed to Oceanwide Group Ltd., and Guang Cai Business Investment Group Ltd.

5. The Company's registered capital was changed to 0.64 billion USD on Mar. 30, 2007, and has been verified by Beijing Xinghua Certified Public Accountants Ltd. with capital verification report "[2007] J.H.X.Y.Z No. 2-003". The Business License For Enterprise Legal Person was renewed thereupon.

6. The Company's registered capital was changed to 654,139,695.59 USD on April 30, 2009, and has been verified by Beijing Xinghua Certified Public Accountants Ltd. with capital verification report "[2009] J.H.X.Y.Z No. 2-010". The Business License For Enterprise Legal Person was renewed therewith, and the contributors were changed to Oceanwide Group Ltd., Tonghai Holdings Co., Ltd. and Shanghai Huaxin Investment Co., Ltd.

7. The Company's registered capital was changed to 976,512,295.59 USD on Sep. 18, 2009, and has been verified by Beijing Xinghua Certified Public Accountants Ltd. with capital verification report "[2009] J.H.X.Y.Z No. 2-022". The Business License For Enterprise Legal Person was renewed therewith, and the contributors were changed to Oceanwide Group Ltd., Tonghai Holdings Co., Ltd. (now renamed as Oceanwide Holdings Co., Ltd.)

Business scope prescribed in the Business License: science and technology, culture, education, real estate, infrastructure and industry investment; capital operation, assets management; hotel and property management; communication, office automation, sales of building and ornament material plus equipments (except for special conditions and exclusive

CHINA OCEANWIDE HOLDINGS GROUP CO., LTD.
FOR THE YEAR ENDED DECEMBER 31, 2014
NOTES TO THE FINANCIAL STATEMENTS

franchise stipulated by the State); economic, technical and managerial services associated with above activities.

8. In February 2012, the Company changed its business scope prescribed in the Business License to: science and technology, culture, education, real estate, infrastructure and industry investment; capital operation, assets management; hotel and property management; convention and exhibition service; leasing of commercial occupancy, office occupancy, carport; communication, office automation, sales of building and ornament material plus equipments (except for special conditions and exclusive franchise stipulated by the State); economic, technical and managerial services associated with above activities.

9. The Company's registered capital was changed to 1.26 billion USD on Dec. 25, 2013, and has been verified by Beijing Zhongxing Huafuhua Certified Public Accountants Ltd. with capital verification report "[2013] Z.X.H.Y.Z No.2109016". The Business License For Enterprise Legal Person was renewed thereupon.

II. Significant Accounting Policies and Accounting Estimates

I). Basis for preparation of financial statements

The Company's financial statements have been prepared, on the basis of going concern assumption and occurrence of actual transactions and events, in accordance with Accounting Standards for Business Enterprises-Basic Standard and specific accounting standards (hereinafter collectively referred to Accounting Standards for Enterprises) promulgated by the Ministry of Finance of the People's Republic of China, and according to significant accounting policies and accounting estimate stated as follows.

II). Statement of Compliance with Accounting Standard

The Financial Statements prepared by the Company conforms to the requirements of Accounting Standards for Business Enterprises, and is a true and complete reflection of the Company's financial situation on Dec. 31, 2014, operating results and cash flow in the year 2014.

III). Accounting Period and Operating Cycle

The accounting period of the Company is the calendar date from January 1 to December 31. A normal operating cycle is determined to be 12 months in a year, and the operating cycle is recognized as the classification criteria for the liquidity of the asset and liability.

IV). Functional currency

The Company's functional and reporting currency is RMB ("RMB").

V). Business Combination

1. Business Combination under Common Control

For the long-term equity investment generated from the business combination under common control, if the consideration of the combination is satisfied by paying cash, transfer of non-cash asset or assumption of liabilities, the initial investment cost of the long term equity investment shall be the Company's share of the net asset's carrying amount (recorded in the consolidated financial statements of the party which obtains control of other entities participating in the combination) of the party being absorbed at the combination date. If the consideration of the combination is satisfied by issue of equity instruments, the aggregate face value of the shares issued shall be accounted for as share capital. The difference between the initial long-term investment cost and the carrying amount of the consideration of the combination (or the aggregated face value of the shares issued) shall be adjusted to capital reserve; if the capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

Enterprise amalgamation under common control by means of multiple transactions belongs to a package deal, in which the amalgamating party should carry out accounting processing on each transaction as of acquiring the controlling right. For the non "package deal", in the

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financial statements of the parent company, the shareholding ratio calculated at the amalgamation date should enjoy the book share of owners' equity as the initial investment cost of the project investment; the capital reserve (share premium) is adjusted on the difference between the initial investment cost and the sum of the original book value of long-term equity investments and the book value of the new payment for acquiring the valuable consideration; if the capital reserve is insufficient for the offset, any excess should be charged against the retained earnings.

2. Enterprise amalgamation not under common control

For the enterprise amalgamation not under common control, the amalgamation cost is the sum of the assets and the liabilities of the purchasing party to pay for acquiring the control rights from the purchased party at the purchasing date and the fair value of the equity securities issued. The identifiable assets, liabilities and contingent liabilities, acquired by the purchaser in enterprise amalgamation not under common control, are measured by the fair value at the purchasing date. The difference that the amalgamation cost is greater than the share of the fair value of the identifiable net assets acquired by the buyer shall embody the commercial goodwill value. The difference that the amalgamation cost is less than the share of the fair value of the identifiable net assets acquired by the buyer shall be included in the current non-operating income after reviewing and confirming.

For enterprise amalgamation under common control by means of multiple transactions, in the financial statements of the parent company, the sum of the book value of the equity investments held by the purchaser before the purchasing date and the new investment cost at the purchasing date is the initial investment cost of the investment. In the consolidated financial statements, the stock equities held by the purchasing party prior to the purchasing date shall be remeasured based on the fair value at the purchasing date; the difference between such the fair value and the book value of the equity value shall be included in the current investment income. If the stock equities held by the purchasing party prior to the purchasing date are involved in other comprehensive income (OCI), such OCI should be transferred to the current investment income at the purchasing date, with the exception of the OCI that cannot be classified into and included in the current profits and losses.

The company shall confirm the commercial goodwill value or the amount of the current profits and losses at the purchasing date by comparing the amalgamation cost and the fair value, the former of which is the sum of the fair value of the stock equities held by the purchasing party prior to the purchasing date and that of the new purchased stock equities at the purchasing date, and the latter of which is the fair value of the identifiable net assets calculated based on the new shareholding ratio at the purchasing date.

VI). Preparation of consolidated financial statements

1. The judgment of the main investor

The company is a non investor.

2. The scope of consolidated financial statements

The consolidated financial statements of ours incorporate those of all subsidiary companies (including the controlled companies), including the holding subsidiary companies, the investment dividable companies and structured companies.

3. Unifying the accounting policies, the balance sheet dates and the accounting periods of the parent and the subsidiary companies

When the subsidiary companies adopt different accounting policies or accounting periods, we shall, in the preparation of the consolidated financial statements, make necessary adjustments on their financial statements in accordance with the company's accounting policies and accounting period.

4. Offset of consolidated financial statements

The consolidated financial statements are based on the parent company and the subsidiary companies balance sheets, which have offset the internal transactions between the parent company and the subsidiary companies, and between the subsidiary companies. The owner's equities of the subsidiary companies which are not belong to that of the parent company, as a

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minority of shareholder's rights and interests, are included in "minority equity" under owner's equity in the aggregate balance sheet. The parent company's long-term equity investments held by subsidiary companies are regarded as treasury stocks of the enterprise group, which, as a deduction item of owners' equity, are included in the item "deduction of treasury stocks under owner's equity in the aggregate balance sheet.

5. Consolidated accounting treatment of the subsidiary companies

For the subsidiary companies acquired by amalgamation under common control, such amalgamation is regarded as implemented from the final controlling party starting the real-time control; And from the beginning of the amalgamation, the assets, liabilities, operating results and cash flows are all included in the consolidated financial statements. For the subsidiary companies acquired by amalgamation not under common control, in the preparation of the consolidated financial statements, the individual financial statement is adjusted on the basis of the fair value of the identifiable net assets at the acquisition date.

6. Accounting treatment for the step by step disposal of subsidiary shares until the loss of share controlling right

(1) Accounting treatment in the parent company's financial statements and the consolidated financial statements for the step by step disposal of subsidiary shares until the loss of share controlling right in each transaction of non "package deal".

For each transaction before losing share controlling right, the difference between the sold price and the book value of disposing long-term equity investment shall be included in the current investment income in the financial statements of the parent company. In the consolidated financial statements, the capital reserve (share premium) is adjusted on the difference between the disposal price and the share of the net assets of the subsidiary company successively calculated on the disposal of long-term investment at the purchasing date or the amalgamation date. If the capital reserve is insufficient for the offset, any excess should be charged against the retained earnings. The remaining equity investment of losing share controlling right shall be calculated in accordance with Equity Accounting Method and relevant provisions of financial assets, depending on its impact.

(2) Accounting treatment in the parent company's financial statements and the consolidated financial statements for the step by step disposal of subsidiary shares until the loss of share controlling right in each transaction of non "package deal".

Accounting treatment shall be carried out for transaction of "package deal", with the transaction as being one of disposal of subsidiary company and losing share controlling right. The difference between each disposal price and the book value of the corresponding investment value shall be accounted for recognized as the current investment income. In the consolidated financial statements, for each disposal price before losing share controlling right, the difference between the disposal price and the book value of the net assets of the subsidiary company successively calculated on the disposal of investment at the purchasing date or the amalgamation date shall be accounted for as the other comprehensive income, which will be transferred into the current profits and losses when the share controlling right is lost.

VII. The accounting treatment for the classification of joint venture arrangement and joint operation

1. The classification of joint venture arrangement

The joint venture arrangement shall be divided into joint operation and joint venture enterprise. The joint venture arrangement without consent of main individual entity is divided into joint operation. Individual entity refers to a separate legal entity, which has individually and identifiable financial system, including a separate legal entity and an illegal entity with legal recognition. A joint venture arrangement with the consent of an individual entity is usually divided into joint venture enterprise. The joint venture party shall re-evaluate the classification of the joint venture arrangement provided that change of relevant facts and conditions causes the change of the rights and obligations of the parties in the joint venture arrangement.

2. Accounting treatment for joint operation

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The joint venture parties shall confirm the following items related to the interests in their joint management operation, and carry out the accounting treatment in accordance with the relevant provisions for enterprise accounting standards: identify their individual assets or liabilities, and the assets or liabilities held in accordance with the confirmed shares; Confirm the revenue of their own income generated by the sale of the production in the joint management and the revenue generated by the sale of the production according to their shares; and confirm the cost of their own cost and the cost in the joint operation according to their shares.

If the joint operation parties not under common control are entitled to enjoy the relevant assets and bear the relevant liabilities of the joint operation, the accounting treatment shall be carried out in accordance with the relevant provisions for the joint operation parties, or otherwise, the provisions for relevant enterprise accounting standards shall be carried out.

3. Accounting treatment for joint venture enterprise

The joint venture parties shall carry out the accounting treatment for the investment of the joint venture project in accordance with *The Provisions of the Enterprise Accounting Standards No. 2, Long-term Equity Investment*; and the parties of non common control shall carry out the accounting treatment for the project in accordance with the degree of their influence on the joint venture.

VIII). Standard for the determination of cash and cash equivalents

The cash specified in preparing the company's cash flow statement refers to the cash on hand and the payable deposit of the company. The cash equivalents specified in preparing the company's cash flow statement refers to the low risk investment of short-term and strong liquidity which is easy to be transfered to a known amount of cash.

IX). Foreign currency operations and foreign currency financial statement translation

1. Foreign currency financial statement translation

The company converts the foreign currency into the standard currency for accounting at the date of the foreign currency transaction. Foreign currency monetary project are translated at the spot foreign currency exchange rate at the balance sheet date. Foreign currency translation differences generated because of the difference between the spot rate of the day and the initial confirmation spot rate or the spot rate on the previous day's balance sheet shall be included in the current profits and losses, except that the capitalized specific borrowing foreign currency translation differences during capitalization be included in the relevant asset cost. For the non monetary projects of foreign currency calculated in historical cost, the spot exchange rate at the transaction date is still used, without changing the amount of its accounting standard currency. For the non monetary projects of foreign currency calculated in fair value, the spot exchange rate at the fair value confirmation date is used; the difference between the standard currency amount and the original amount after conversion is treated as the maximum change of the fair value (including the exchange rate), which shall be included in the current profits and losses or other comprehensive incomes, and included in capital reserves.

2. Foreign currency financial statement translation

If the company's holding subsidiaries and joint ventures adopt accounting standard currency different from the company's, it is required to convert their foreign currency financial statements before accounting and preparing the consolidated financial statements. Assets and liabilities in the balance sheet are converted at the spot exchange rate at the balance sheet date, all the items in owner's equity, except for "non profit", are converted at the spot exchange rate at the date thereupon. The income and expense in the profit table are converted at the spot exchange rate of the transaction date. The converted difference in the foreign currency financial statements is included in other comprehensive income of the owner's equity in the balance sheet. Foreign currency cash flow is determined by the system's reasonable method, and the spot exchange rate at the transaction date is adopted. The sum of cash influenced by the change of the exchange rate is included in the cash flow separately. In treatment of overseas business, the difference in the foreign currency statements shall be

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transferred into the current profits and losses at a proportion of the whole foreign business or partial business.

X). Financial instrument

1. Classification and confirmation of financial instruments

Financial instruments are divided into financial assets or financial liabilities. When the company becomes a party of a contract of financial instrument, it is recognized as a financial asset or a financial liability.

The financial assets in the initial confirmation are classified as: the financial assets which are measured on the fair value fair and the change of which is included in the current profits and losses, and the maturity investment, receivables and the financial assets available for sale. The classification of financial assets, except for the receivables, is depended on the holding intention and ability of the company and its subsidiaries. The financial liabilities in the initial confirmation are classified as: the financial liabilities which are measured on the fair value and the change of which is included in the current profits and losses, and other financial liabilities.

The financial assets that are measured on the fair value fair and the change of which is included in the current profits and losses include the financial assets which are held to be sold in short term; the receivables are non derivative financial assets which are not quoted in active markets and the recoverable amount of which is not designated or confirmed; the financial assets available for sale include the non derivative financial assets which are designated as salable in initial determination but are not classified as other financial assets; the maturity investments refer to the non derivative financial assets with fixed or determined maturity date and recoverable amount, which the management has a clear intention and ability to hold until their maturity.

2. Measurement of financial instruments

The financial assets or financial liabilities of the company are measured on the fair value. The subsequent measurement is classified as: the financial assets which are measured on the fair value and the change of which is included in the current profits and losses; the salable financial assets and the financial liabilities which are measured on the fair value and the change of which is included in the current profits and losses are measured on the fair value; the held maturity investment, loan, receivables and other financial liabilities are measured on the share cost; the equity instrument investments which make no offer in active markets and whose fair values cannot be reliably measured, and the derivative financial assets or financial liabilities derived from and settled by such equity instrument investments shall be measured on their costs. Except for the hedging related gains or losses, those generated because of the change of the subsequent measurement of the fair value of the financial assets or financial liabilities of the company shall be treated in accordance with the following: ① The gains or losses measured on the fair value and generated in the change of the measurement of the fair value which are included in the current profits and losses of the financial assets or financial liabilities shall be included in the profits and losses of the fair value. ②The change of fair value of the salable financial assets is included in other comprehensive income.

3. The Company's confirmation of the fair value of financial assets and financial liabilities

If there were active market financial instruments, the fair value is priced based on the active market pricing; if there were no such instruments, estimation technique shall be adopted to determine the fair value. Estimation technique mainly consists of market method, income method and cost method.

4. Confirmation and measurement for financial asset and liability transferring

Transferring almost all the risks and rewards of financial asset ownership, or transferring or retaining nothing of the ownership of the financial assets but having abandoned the control of the financial assets shall terminate the confirmation of the financial assets. When the financial assets totally satisfy the termination confirmation, the difference between the book value of the transferred financial assets and the sum of the consideration received in transferring and the accumulation of the change of the fair value which is originally included in other comprehensive income is included in the current profits and losses. When the financial assets

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partially satisfy the termination confirmation, the total book value of the transferred financial assets, between the termination confirmed and non-confirmed, shall be shared on its relative fair value respectively.

When the current obligations of the financial liability are totally or partially terminated, confirmation of such liability shall be terminated totally or partially.

5. Devalue of financial assets

In the presence of devalue of financial assets on the basis of the post-amortization cost, the preparation of calculating the assets devalue shall be made according to the difference between the book value and the present value of the future cash flows. If there is objective evidence which shows that the value of the financial assets has been restored, and objectively confirms the relationship after the loss, the original confirmation of the devalue losses shall be reversed, included in the current profits and losses.

In the presence of devalue of financial assets on the basis of cost, the preparation of calculating the assets devalue shall be made. The occurrence of devalue losses, once confirmed, shall not be reversed no longer.

When there is objective evidence which shows that the salable financial assets are devalued, the accumulated loss of the original direct equity generated because of the decline in the fair value shall be transferred out and included in the devalue loss. For the salable instrument investments whose devalue losses have been confirmed, if fair values are increased and if they are related to the events that have happened after their originally confirmed fair values lost objectively, their devalue losses shall be reversed back and included in the current profits and losses. For the salable equity instrument investments whose devalue losses have been confirmed, if the fair values are increased afterwards, their value shall be directly included in the interests of the shareholders.

For equity instrument investments, the basis for the Company to determine the specific quantitative criteria for fair values "seriously" or "non temporarily" declined, the cost calculation method and the final fair value, and for the successive declining of fair value are as follow:

The specific quantitative criteria for fair values "seriously" declined	The decline of the final fair value, relative to the cost, has been declined by more than 50%.
The specific quantitative criteria for fair values "non temporarily" declined	Successively declined for 12 months.
The cost calculation method	The sum of the payable consideration (deducting the declared but not-yet issued cash dividends or the not-yet paid bonds in the interest payment period and the related transaction costs is regarded as the investment cost.
Confirmation of the final fair value	If there were active market financial instruments, the fair value is priced based on the active market pricing; if there were no such instruments, estimation technique shall be adopted to determine the fair value.
Basis for determining successive declining	Successive declining or the rebounding during the declining being less than 20%; the rebounding duration lasting not more than 6 months is regarded as successive declining.

XI). Receivables

The Company's receivables mainly include accounts receivable, long-term receivables and other receivables. At the balance sheet date, if there is objective evidence to show the devalue, the Company shall confirm the devalue loss according to the difference between the book value and the present value of the estimated future cash flow.

1. The receivables of single significant sum and single provision for bad debts.

Basis for judging a single significant sum of receivable: receivable of more than USD 4.84 million.

Provision for single significant sum of receivables and provision for bad debts: Carry out devalue test on the single sum of receivables; if it is not a devalued receivable, carry out devalue test on it again in a combination of the receivables with similar credit risks. If the devalue test confirms it to be a devalued receivable, carry out no devalue test on it again in a

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combination of the receivables with similar credit risks.

2. Provision for receivables and provision for bad debts based on the combination of the receivables with similar credit risks.

Name of the combination	Basis for confirming the combination	Method of provision for bad debts
Combination 1	Receivables from government departments and partners	Carry out devalue test on them
Combination 2	Receivables of provision for bad debts based on the percentage of balance	The financial industry shall prepare provision for bad debts according to 0.5% of the balance of the receivables (including accounts receivable and other receivables). Other industries shall prepare provision for bad debts according to 5% of the balance of the receivables.
Combination 3	Receivables from the related parties	Carry out devalue test on them

3. The receivables of single non-significant sum but single provision for bad debts.

Reasons for provision for bad debts	Receivables of more than 3 years and there is objective evidence proving their devalue.
Method of provision for bad debts	Confirmed by the difference between the book value and the present value of the expected future cash flow

XII). Inventory

1. Inventory classification

Inventory refers to the finished products or goods the Company hold in daily business activities for sale, the products in the production process and the materials consumed during production process or providing services. The inventory is divided into real estate and non real estate inventory; real estate inventory is: development costs, developed products, leasing developed products, grade 1 development cost; and non real estate inventory is: raw materials, materials processed on commission, packaging materials, low value consumables, semi-finished products and finished goods (inventory), etc.

2. Valuation for delivering the inventory

In delivering the inventory, weighted average method shall be adopted to determine its actual cost.

3. Provision method for inventory devalue

For merchandise inventory directly used for sale such as finished products, goods in stock and materials during normal production and marketing process, their net realizable value shall be determined by deducting the estimated sales amount and the relevant taxes expenses from its estimated sale price; for material inventory to be processed during normal production and marketing process, their net realizable value shall be determined by deducting the estimated cost, sales amount and the relevant taxes and expenses from its estimated sale price; the net realizable value of the held inventory of sales contract or labor contract shall be determined by the contract price, if the quantity of the held inventory is more than that of the sales contract, the net realizable value of the excess portion is calculated on the basis of the general sales price.

At the balance sheet date, the inventory is measured at the lower of cost and net realizable value (NRV), and provision for inventory shall be prepared on individual inventory item; but for large numbers of inventories at relatively low unit, the provision for loss on decline in value of inventories shall be made on the basis of each category of inventories.

4. Inventory system

The inventory system of the Company adopts perpetual inventory system.

5. The amortization method of low-value products and packages

Low-value products and packages shall be written-off in a lump sum.

XIII). Divided into held assets for sale

The company shall classify the non-current assets which satisfy the following requirements as the held assets for sale:

XIV). Long-term equity investment

1. Determination of the initial investment cost

For a long-term equity investment acquired in enterprise amalgamation, if the amalgamation is under common control, the initial investment cost shall be determined in accordance with the share of the book value of the owner's equity of the amalgamated party; if the amalgamation is not under common control, the initial investment cost shall be determined in accordance with amalgamation cost confirmed at the purchasing date; if the long-term equity investment is acquired by paying cash, the initial investment cost is the actual payment of the purchasing price; if the long-term equity investment is acquired by issuing equity securities, the initial investment cost shall be the fair value of such initial securities; if the long-term equity investment is acquired by debt restructuring, the initial investment cost shall be determined in accordance with the relevant requirements in the *Provisions of The Enterprise Accounting Standards No.12—Debt Restructuring*; and if the long-term equity investment is acquired by non monetary assets exchange, the initial investment cost shall be determined in accordance with the relevant requirements in the *Provisions*.

2. Subsequent measurements and determination of profits and losses

The investing party shall adopt cost method to calculate the long-term equity investment which is controlled by the invested entity; and adopt equity method to calculate the long-term equity investment of the associated enterprise and the joint venture. For the equity investment of the associated enterprise, part of which are indirectly held by Venture Capital Institutions, mutual funds, trust companies or the similar entities inclusive of funds of Investment with insurance, the investing party shall, in accordance with the relevant requirements in the *Provisions of The Enterprise Accounting Standards No. 22—Confirmation and Measurement of Financial Instruments*, measure these investments on the fair value and include their change into the profits and losses, and adopt equity method to calculate the other parts, whether or not the above entities have significant influences on these investments.

3. Basis for determining the common control and significant influence on the invested entities

The common control on the invested entities refers to: activities that have significant influence on the return of a certain project arrangement must be agreed by the parties who share the control rights before making decisions, inclusive of the sale and purchase of goods or services, the management of financial assets, asset purchase and disposal, R&D activities and financing activities, etc.; significant influence on the invested entities refers to: the significant influence in the case of holding more than 20% to more than 50% of the voting capital of the invested entities; or, the significant influence in the case of holding not more than 20% of the voting capital of the invested entities, but complying with one of the following conditions: appointing representatives in the board of directors or the similar authority of the invested entity; participating in the policy making in the invested entity; sending management personnel to the invested entity; the invested entity relying on the technology or technical information of the investment company; and significant transaction with the invested entity.

XV). Investment properties

Investment real estate refers to the real estate held for either rents or capital increment or both. It comprises of land usage rights having been rented and these being held and ready to be transferred upon appreciation and buildings having been rented (including these having been rented upon the completion of self-construction or development activities and these to be rented but still under the state of being constructed or developed).

Initial measurements of investment real estate shall be performed on the basis of costs. For subsequent expenditures related to the investment real estate, they shall be included as the cost of investment real estate if their economic interests are likely to flow into the enterprise and the cost can be reliably measured. Or else, they shall be recorded in the profits and losses of the current period in which they are incurred.

As at the balance sheet date, the company has made subsequent measurements on the

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investment real estate by the fair value model. Under the mode of fair value, the company will not calculate depreciation or amortization for the investment real estate while make adjustments of the book value on the basis of the fair value the investment real estate as at the balance sheet date. The balance between the fair value and the original book value will be included as current profits and losses.

To determine the fair value of the investment real estate, the company shall refer to current market prices of real estates of same or similar types in active markets; in case of the failure of acquiring such prices, the company shall make proper estimate of the fair value of the investment real estate referring to recent market prices of real estates of same or similar types in active markets and considering other factors including transaction conditions and dates and related areas; otherwise, the company shall determine the fair value according to estimated rental incomes in the future and present values of related cash flows. With respect to the investment real estate under construction, it can be measured according to the cost if its fair value can't be reliably identified but the fair value after the completion can be acquired continuously and reliably by estimation. Besides, upon the satisfaction of reliable measurement of the fair value or completion of the construction (whichever occurs earlier), the investment real estate can be measured again according to the fair value.

When the company transforms the investment real estate into personal real estate or inventory as it obtains exact evidences to verify the application of the real estate has changed, the fair value on the date of transition shall be regarded as the book value of the personal real estate. The difference between the fair value and the original value shall be calculated as current losses and profits. When personal real estate or inventory is transformed into investment real estate, the price of the investment real estate shall be calculated on the basis of the fair value on the transformation date. When the fair value on the very date of the transformation is less than the original book value, the difference shall be included as current losses and profits; conversely, the difference shall be included as the owner's equity.

The difference by deducting the book value of the investment real estate and related tax from the disposal consideration obtained by sale, transformation, discarding or damage shall be included as current losses and profits.

XVI). Fixed assets

1. Conditions of fixed assets recognition

Fixed assets refer to tangible assets held for goods production, labor provision, renting or operation management with the lifetime exceeding one fiscal year. Fixed assets may be recognized when following conditions are satisfied simultaneously: economic interests related to such fixed assets may flow into the enterprise; the cost can be reliably measured.

2. Method of fixed assets classification and depreciation

Fixed assets of the company mainly include buildings, machine equipment, electronic equipment and transportation equipment which shall be depreciated by age limit method of average. The service life and estimated net salvage of fixed assets shall be determined according to properties and service conditions of various types of fixed assets. The service life, estimated net salvage and depreciation method of fixed assets shall be reviewed at the end of the year. In case of any difference with the original estimated value, proper adjustments shall be made. Apart from the fixed assets that have been fully depreciated but are still in use and the land that is separately measured and included, the company shall make depreciation for all its fixed assets.

Classes of assets	Estimated service life (year)	Estimated net salvage rate	Annual depreciation rate
Premises and buildings	20-40 years	5%	2.38%-4.75%
Machine equipment	3-10 years	5%	9.50%-31.67%
Transportation equipment	3-11 years	5%	8.64%-31.67%

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Classes of assets	Estimated service life (year)	Estimated net salvage rate	Annual depreciation rate
Other equipment	3-10 years	5%	9.50%-31.67%

3. Identification basis and valuation method of fixed assets under financing lease

Fixed assets under financing lease are the lease that substantially transfers all risks and returns relevant to the ownership of assets. For the initial valuation of fixed assets under financing lease, the fair value of lease asset or the present value of the minimum lease payments on the lease inception date, whichever is less, shall be recognized as the entry value; regarding the subsequent valuation of fixed assets under financing lease, depreciation and impairment reserves shall be accrued subject to the depreciation policy consistent with that of personal fixed assets.

XVII). Constructions in progress

The company's constructions in process is built by self-supporting mode and contracting mode. Constructions in progress will be transferred to fixed assets when they are completed and reach the expected serviceable condition. The achievement of expected serviceable condition shall meet one of the following conditions: the substantial construction of fixed assets (including installation) has been finished completely or substantially; trial production or operation has been performed which demonstrates that assets can run normally or are able to stably produce qualified products or according to which normal run or operation can be achieved; the amount paid from fixed assets of the construction is little or hardly incurs any longer; fixed assets under construction have met or basically comply with design or contract requirements.

XVIII). Borrowing costs

1. Recognition principles of capitalization of borrowing costs

Among borrowing costs incurred in the Company, those can be attributed to the acquisition and construction or production of assets eligible for capitalization shall be capitalized and included as the cost of related assets; other borrowing costs shall be recognized as expenses on the basis of the actual amount incurred and shall be recorded in the current profits and losses. Assets eligible for capitalization are assets such as fixed assets, investment real estate and inventory that can be ready for intended use or sale after quite a long time of acquisition and construction or production activities.

2. Computing method of capitalizing amount

Capitalization period shall be counted from the starting time of capitalization of borrowing costs until the ceasing time of capitalization of borrowing costs, excluding the period of suspending capitalization of the borrowing costs. The capitalization of borrowing costs shall be suspended if abnormal suspension occurs for more than three months during the acquisition and construction or production process.

Where funds are borrowed for a specific purpose, the amount of interest to be determined shall be the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used into banks or any investment income on the temporary investment of those funds. Where funds are borrowed for general purpose, the Company shall determine the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. The capitalization rate shall be the weighted average of the interest rates applicable to the general-purpose borrowings. Where there is any discount or premium, the amount of discounts or premiums that shall be amortized during each accounting period shall be determined by the real interest rate method, and an adjustment shall be made to the amount of interests in each period.

The actual interest rate method refers to the method by which the post-amortization costs and

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the interest expenses are calculated in light of the actual interest rates of the borrowed funds. The actual interest rate refers to the interest rate adopted to cash the future cash flow of the borrowed funds within the predicted term of existence into the current book value of the borrowed funds.

XIX). Biological assets

The Company shall disclose the determination standards and classification of biological assets, the basis for determining the service life and estimated net salvage value of various biological assets, and their depreciation methods, impairment testing methods and methods for drawing the impairment provision.

XX). Oil and natural gas assets

The Company shall disclose the capitalization standards for expenses related to various oil and gas assets, the depletion or amortization methods for various oil and gas assets, impairment testing methods and methods for drawing the impairment provision, accounting treatment methods for expenses of mining license and other licenses, determination basis for the oil and gas reserve estimates, etc.

XXI). Intangible Asset

1. Valuation methods of intangible assets

The intangible assets are initially measured by its cost. The actual cost of purchased intangible assets shall be the actual cost and relevant expenditures. The cost invested into intangible assets by investors shall be determined according to the conventional value in the investment contract or agreement. For those of unfair value in the contract or agreement, the actual cost shall be on a fair-value basis. For self-developed intangible assets, the costs shall include the total expenditures incurred before the expected purposes of use are realized.

Subsequent measurement of the Company's intangible assets: intangible assets with finite beneficial period shall be amortized under the straight-line method, and their service life and amortization method shall be checked at the end of each year. If there is any difference between the expected service life and amortization method and the previously estimated service life and amortization method, the expected service life and amortization method shall be adjusted. Intangible assets with uncertain service life may not be amortized. The Company shall check the service life of intangible assets with uncertain service life at the end of each year. Where there are exact evidences to prove the intangible assets have limited service life, it shall be estimated of its service life, and be amortized under the straight-line method.

2. Basis for judging the uncertainty of service life of intangible assets with uncertain service life

If it is unable to estimate the beneficial period of the intangible asset or whose service life is uncertain, it shall be regarded as an intangible asset with uncertain service life. The basis for judging the uncertainty of service life of intangible assets with uncertain service life: the service life derived from any contractual right or other statutory rights is unclear according to the contract or laws; taking the cases in the same industry or relevant experts' opinions into account, it is unable to judge the period when the intangible asset can bring economic benefits to the Company.

The Company shall check the service life of intangible assets with uncertain service life by adopting the bottom-up method at the end of each year. The relevant departments that use intangible assets shall conduct a basic check on those intangible assets and evaluate whether there is any change in the basis for judging the uncertainty of service life of intangible assets with uncertain service life, etc.

3. Specific standards for dividing the research stage and development stage of the Company's internal research and development projects, and specific standards for the expenses at the development stage to meet the requirements of capitalization

Cost of the research phase is recognized in the profits or losses in the period in which it is incurred. Cost of the development phase is recognized as intangible assets when satisfied the

conditions of the recognition of intangible assets.

XXII). Long-term deferred expenses

Long-term deferred expenses are other expenses paid by the Company, for which the beneficial period is longer than one year (excluding one year). Long-term deferred expenses are amortized evenly over the respective beneficial periods. If a long-term deferred expense item is unable to generate benefits for future accounting periods, the unamortized amount of that item should be recognized in the income statement for the current period.

XXIII). Impairment of assets

As to the long-term equity investment, investment real estate measured in the mode of cost, fixed assets, construction in progress, productive biological assets measured in the mode of cost, oil and gas assets, intangible assets, goodwill and other long-term assets, if they shows that there is possible assets impairment, the impairment test shall be carried out. If the impairment test result shows that the recoverable amount of an asset is less than its book value, the impairment provision will be made according to the difference and recognized as an impairment loss.

The recoverable amount is determined by the higher of the net of fair value minus disposal expense and the present value of the predicted future cash flow. Provisions for assets impairment shall be made and recognized for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company shall determine the recoverable amount of the asset group to which the asset belongs. The asset group is the smallest group of assets capable of generating cash flows independently.

As to the goodwill that is separately listed in the financial statements, no matter whether it shows any sign of impairment or not, it shall be annually tested for impairment. For the purpose of impairment test, the book value of goodwill shall be allocated to the groups of assets or combination of group of assets benefiting from synergy of business combination. If the test result shows that the recoverable amount of groups of assets or combination of group of assets which include the amount allocated to the goodwill is less than the book value, the Company shall recognize the relevant impairment loss. The amount of impairment loss shall first reduce the book value of any goodwill allocated to the groups of assets or combination of group of assets, and then reduce the book value of other assets other than goodwill within the groups of assets or combination of group of assets, pro rata on the basis of the book value of each asset.

An impairment loss recognized on the aforesaid assets shall not be reversed in a subsequent period in respect of the restorable value.

Employee benefits payable

XXIV). Employee benefits payable

Employee compensation refers to all kinds of payments and other relevant expenditures given by the Company in exchange of the services offered by the employees or for the cancellation of the labor relationship with the employees. The employee compensation mainly includes short-term employee remuneration, post-employment benefits, termination benefits and other long-term employee benefits.

1. Short-term remuneration

Short-term remuneration incurred during the accounting period in which the Company's staff provided services for the Company is recognized as liability and included in profits or losses for the current period, except those required or allowed to be recognized as asset costs by other accounting standards. As to the welfare for workers and staff of the Company, when it actually occurs, it shall be recorded in the current profits or losses or the assets-related cost according to the actual amount occurring. In case that the welfare for workers and staff is the non-monetary welfare, it shall be measured as fair value. As to the social insurance and public accumulation fund for housing construction, such as the medical insurance, industrial injury insurance and birth insurance paid for the workers and staff, as well as the trade union

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outlays and staff training expense withdrawn as per the provisions, in the accounting period of the employee providing the service to the Company, according to the defined withdrawing basis and ratio, the corresponding employee compensation shall be calculated and determined as the corresponding employee compensation, the corresponding liabilities shall be determined and recorded into the current profits or losses or the assets-related cost.

2. Post-employment welfare and demission welfare

In the accounting period in which the employee provides the service to the Company, the Company shall confirm the liabilities according to the amount payable calculated based on the drawing plan and record it into the current profits or losses or the assets-related cost. Based on the formula determined with the projected unit credit method, the Company shall attribute the welfare obligation arising from the defined benefit plan to the period in which the employee provides the service and record it into the current profits or losses or the assets-related cost.

In case the Company provides the demission welfare to the employee, the liabilities for the employee compensation arising from the demission welfare shall be determined on the following date and recorded into the current profits or losses, whichever is earlier: 1) When the Company cannot withdraw the demission welfare provided due to the cancellation of the labor relation plan or job displacement suggestion unilaterally; 2) When the Company confirms the cost or expenses related to the reorganization involving the payment of the demission welfare.

3. Other long-term employee welfare

When the Company provides other long-term employee welfare to the employees, if it conforms to the conditions of the defined drawing plan, it is subject to the treatment in accordance with the related policy of the defined drawing plan. Besides, the Company shall confirm and measure the net liabilities or net assets of other long-term employee welfare in accordance with the related policy of the defined benefit plan.

XXV). Accrued liabilities

The obligation pertinent to a contingencies shall be recognized as an estimated debt when the following conditions are satisfied simultaneously: (1) That obligation is a current obligation of the Company; (2) It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation; and (3) The amount of the obligation can be measured in a reliable way. The Company measures the Accrued liabilities initially in accordance with the best estimate of the necessary expenses for the performance of the current obligation. If there is a sequent range for the necessary expenses and if all the outcomes within this range are equally likely to occur, the best estimate shall be determined in accordance with the middle estimate within the range. If the contingencies concern multiple items, the best estimate should be calculated and determined in accordance with all possible outcomes and the relevant probabilities.

The Company shall check the book value of the Accrued liabilities on the balance sheet date. If there is any exact evidence indicating that the book value cannot really reflect the current best estimate, the enterprise shall adjust the book value in accordance with the current best estimate.

XXVI). Share-based payment

The share-based payments of the Company include the equity-settled ones and the cash-settled ones. The equity-settled share-based payments to exchange the services provided by employees are measured at the fair value of the equity instruments granted to employees. In case of an active market for the shares, the payment is measured at the quoted price in the market; in lack of active market, the payment is measured by adopting valuation techniques, including reference to the prices used in latest market transaction between knowledgeable, willing parties, or current fair value of other financial instruments of the same nature, or using discounted cash flow analysis or option pricing models.

At each balance sheet date, the company estimates the number of share options that are expected to vest according to the subsequent information such as latest changes of the number

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of employees meeting vesting conditions and completion of performance indicators, and records the apportionment of relevant expenses accordingly. The expense of option over multiple fiscal periods is apportioned based on the proportion of the vesting period of the option in the fiscal period to the whole vesting period.

XXVII). Other financial instruments such as preferred shares and perpetual bonds

1. Classification of financial liabilities and equity instruments

The preferred shares, perpetual bonds (e.g. medium-term notes with long-term rights), subscription rights and convertible bonds issued by the company are classified into financial liabilities or equity instruments according to the following principles:

(1) The condition to deliver cash or other financial assets, or exchange financial assets or financial liabilities for settlement. If the company is unable to unconditionally avoid delivering cash or other financial assets to fulfill its contractual obligation, the contractual obligation is recognized as a financial liability.

(2) The condition to settle with its own equity instrument. If the issued financial instrument will or may be settled with its own equity instrument in place of cash or other financial assets, it is recognized as a financial liability of the issuer; if the issue is to entitle the instrument holder to the remaining equity of the issuer's assets less all liabilities, the instrument is recognized as an equity instrument of the issuer.

(3) The financial instruments that will or may be settled with the issuer's equity instrument are classified into derivative instruments or non-derivative instruments. For a non-derivative instrument, if the issuer is not obliged to deliver a variable number of equity instruments for settlement in future, the instrument is recognized as an equity instrument; otherwise, it is recognized as a financial liability. For a derivative instrument, if the issuer is obliged to deliver a fixed number of equity instruments to exchange a fixed amount of cash or other financial assets for settlement, the instrument is recognized as an equity instrument; if the issuer will use a fixed number of equity instruments to exchange a variable amount of cash or other financial assets, or use a variable number of equity instruments to exchange a fixed amount of cash or other financial assets, or use a variable number of equity instruments to exchange a variable amount of cash or other financial assets at variable conversion prices, the derivative instrument is recognized as a financial liability or financial asset.

2. Accounting treatment of preferred shares and perpetual bonds

The issuer records the financial instruments classified into financial liabilities in the account of "bonds payable", and calculates interest and adjusts carrying interest adjustments in the duration of the instrument, and applies accounting treatment according to the provisions on follow-up measurement of financial liabilities at amortized costs of the standard of Financial Instruments: Recognition and Measurement. The issuer records the equity instruments in the account of "other equity instruments" and makes an entry of distribution of profits when dividends (including the interest derived from instrument classified into equity instruments) are distributed in the duration of the instrument.

XXVIII). Revenue

Revenue is the gross inflow of economic benefits derived from the course of ordinary activities that result in increases in equity, other than those relating to contributions from owners. Revenue is confirmed when related benefits are likely to flow into the Company, the amount of such benefits can be reliably calculated and when revenue meets the special sales income recognition standards of the following operating activities.

1. Commodity sales revenues

When the Company has transferred significant risks and rewards of ownership of the goods to the buyer; the Company retains neither continuous management rights associated with ownership of the goods sold nor effective control over the goods sold; the relevant amount of revenue can be measured reliably; it is highly likely that the economic benefits associated with the transaction will flow into the enterprise; and the relevant amount of cost incurred or to be incurred can be measured reliably, revenue from sales of goods shall be recognized.

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2. Revenue derived from rental property

Revenue of rental property is recognized on a straight-line basis over the whole lease term including rent-free period according to the provisions of the contract or agreement between the Company and the lease.

3. Revenue derived from property management

The company records a revenue of property management when the property management service has been provided, the economic interest associated will flow to the company, and the cost associated can be measured reliably.

4. Fees and commission incomes

This item refers to the fees and commission incomes collected for handling transactions for customers, including the fees and commission incomes obtained from agency services like consultancy, guarantee business, and custody and handling investment services, such as fees and commission incomes from transaction agency, consultancy, guarantee, assets management, custody, securities transaction agency, securities underwriting agency, securities cashing agency, securities custody agency and other relevant services. The business incomes are recognized as follows:

- ① Fees are recognized when the accounts are settled with customers.
- ② Incomes derived from securities underwriting agency are recognized according to the ways of security offering. a. Traditional underwriting: Revenue is recognized at offering price less take-down price when the securities are sold to investors. b. Standby underwriting and best efforts underwriting: Revenue is recognized when offering proceeds are settled with the issuer after closing of the offering.
- ③ Revenue derived from managing investments for clients is recognized according to the terms of contract.

5. Interest income

The amount of interest income is determined by the time and effective interest rate for others to use the Cash at bank and on hands of the Company. The amount of interest expense is determined by the time and effective interest rate for the Cash at bank and on hands used by the Company.

6. Income from investment

The dividends and cash dividends obtained from trading financial assets and available-for-sale financial assets held by the Company are recognized as earnings of the current period; the difference between the proceeds from disposing an available-for-sale financial asset and its book value is recorded as income from investment; the difference between the fair value of a trading financial asset at disposing and the initially recorded amount is recognized as income from investment, and the changes in fair value recognized in profits or losses is adjusted accordingly.

For long-term investment on stocks calculated under the cost method, income is recognized at the share of the Company in the cash dividends or profit distributed announced by the entity invested; for long-term investment on stocks calculated under the equity method, income is recognized according to the shares of the company in the profit or adjusted profit realized by the entity invested.

XXIX). Government subsidies

1. Classification of government subsidies

Government subsidies are transfer of monetary assets and non-monetary assets from the government to the Company at no consideration, excluding the capital invested by the government as equity owner. Government subsidies can be classified as subsidies related to the assets and subsidies related to the income.

2. Accounting treatments of government subsidies

The government subsidies related to assets are recognized as deferred income and counted in the profits and losses of a current period after being averagely allocated over the service life of the related assets. The government subsidies measured at their nominal amounts shall be directly included in the current profits and losses. For government subsidies related to

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income, if the subsidies are a compensation for related expenses or losses to be incurred in subsequent period, the subsidies are recognized as deferred income, and recognized in profits or losses over the periods in which the related costs are recognized. If the subsidies are a compensation for related expenses or losses already incurred, the subsidies are recognized immediately in profits or losses for the period.

3. Specific standards for distinguishing government subsidies related to assets and government subsidies related to income

The government subsidies that are obtained by the Company, used for purchase or construction, or forming the long-term assets by other ways, will be defined as subsidies related to assets. The government subsidies other than those related to assets will be defined as subsidies related to income.

4. Amortization methods for deferred income related to government subsidies and determination methods for amortization period thereof

Government subsidies related to assets are recognized as deferred income. Such deferred income, since the relevant assets are available for use, is recognized in the profits and losses of a current period after being averagely allocated over the expected service life of the related assets.

5. Time of recognition of government subsidies

Government subsidies measured by receivable amount are recognized if there is strong evidence that such subsidies are able to meet the conditions of fiscal support policies and it is expected to be able to receive the financial support funds at the end of each accounting period. Government subsidies other than those measured by receivable amount are recognized when the subsidies are actually received.

XXX). Deferred tax assets and deferred tax liabilities

1, Based on the difference between the book value of an asset or liability and its tax base (as for an item that has not been recognized as an asset or liability, if its tax base can be determined in light of the tax law, the difference between the tax base and its book value shall be a temporary difference), the deferred income assets and Deferred tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2, Deferred income tax assets are recognized for all deductible temporary differences if it is probable that taxable income will be available against which the deductible temporary differences can be utilized. On the balance sheet date, where there is any exact evidence showing that it is likely to acquire sufficient amount of taxable income tax in a future period to offset against the deductible temporary difference, the deferred income tax assets unrecognized in prior periods shall be recognized. If it is unlikely to have sufficient amount of taxable income to reduce the benefits of the deferred income tax assets, less the book value of the deferred income tax assets.

3, The taxable temporary differences associated with investments in subsidiaries and interests in joint ventures are recognized as deferred tax liabilities, unless the Company can control the time of the reverse of temporary differences and such temporary differences are unlikely to be reversed in the excepted future. For taxable temporary deductible differences associated with investments in subsidiaries and interests in joint ventures, when the temporary differences are likely to be reversed in the expected future and it is likely to obtain taxable income which can be used for the deduction of the temporary difference in the future, the taxable temporary deductible differences are recognized as deferred income tax asset.

XXXI). Lease

The Company classifies a lease as a financing lease or an operating lease. A lease is recognized as a finance lease when it transfers in substance all the risks and rewards incident to ownership of an asset. The specific criteria for recognizing a lease as a finance lease are as follows: (1)The ownership of the leased asset is transferred to the lessee when the term of lease expires; (2)The lessee has the option to buy the leased asset at a price which is expected

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to be far lower than the fair value of the leased asset at the date when the option becomes exercisable. Thus, on the lease beginning date, it can be reasonably determined that the option will be exercised; (3) Even if the ownership of the asset is not transferred, the lease term covers the major part of the use life of the leased asset; (4) In the case of the lessee, the present value of the minimum lease payments on the lease beginning date amounts to substantially all of the fair value of the leased asset on the lease beginning date; in the case of the lesser, the present value of the minimum lease receipts on the lease beginning date amounts to substantially all of the fair value of the leased asset on the lease beginning date; and (5) The leased assets are of a specialized nature that only the lessee can use them without making major modifications. A lease that can't meet the above-mentioned criteria is recognized as an operating lease.

Accounting treatment of the Company's leasing business is treated in accordance with the provisions of "Accounting Standard for Business Enterprises - Leases".

XXXII). Other important accounting policies and accounting estimates

include but are not limited to: standards for determining discontinuing operations and its accounting treatment methods, basis for hedge accounting and its accounting treatment methods, accounting treatment methods for repurchase of shares of the Company; accounting treatment methods for asset securitization business, etc.

III. Changes in significant accounting policies and estimates

1. Change of main accounting policies

In 2014, the Ministry of Finance issued and amended a series of enterprise accounting standards, including newly issued Accounting Standard for Business Enterprise No. 39-Measurement of Fair Value, Accounting Standard for Business Enterprise No. 40-Joint Venture Arrangements, Accounting Standard for Business Enterprise No. 41-Disclosure of Interests in other Entities, and newly amended Accounting Standard for Business Enterprise No. 2-Long-term Equity Investment, Accounting Standard for Business Enterprise No. 9-Employee Compensation, Accounting Standard for Business Enterprise No. 30-Presentation of Financial Statements, Accounting Standard for Business Enterprise No. 33-Consolidated Financial Statements, Accounting Standard for Business Enterprise No. 37-Presentation of Financial Instrument. As required, the company started from July 1, 2014 to execute above accounting standards for accounting and disclosure without having material effect on the Company's financial statements. The adjusting events are detailed below.

(1) Long-term equity investments

According to the newly revised Long-term Equity Investment Criteria, the equity investment measured by employing original cost method and without control, common control or significant influence on the investees shall be presented as available-for-use financial asset, among which, the equity instrument that is not quoted in the active market and whose fair value could not be reliably measured shall be measured at cost at the end of accounting period, and other equity instruments shall be measured at fair value at the end of accounting period. The following is the effects of retrospective adjustments resulting from changing an accounting policy:

Name of Investee	Amount of Adjustment on 31-12-2013	
	Long-term Equity Investment	Available-for-sale Financial Assets
Zhongyuan International Leasing Co., LTD	0.00	0.00
Bank of Zhengzhou Co., LTD	(1,085,427.74)	1,085,427.74
Anhui Yihe New Energy Technology Co., LTD	(3,068,987.15)	3,068,987.15
Xi'an Well Logging Energy Technology LTD.	(4,382,368.11)	4,382,368.11

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Name of Investee	Amount of Adjustment on 31-12-2013	
	Long-term Equity Investment	Available-for-sale Financial Assets
Xi 'an Triangle Aviation Science & Technology Co., LTD	(4,078,013.39)	4,078,013.39
Beijing iTarge Software Technology Development Co., LTD	(2,643,455.32)	2,643,455.32
Beifang Guomao Co., LTD	(3,223.73)	3,223.73
Hisense Industrial Co., LTD	(7,253.38)	7,253.38
Qingdao Jiejing Co., LTD	(2,578.98)	2,578.98
Qingdao Liqun Group-Sanbaihui Commercial Store Co., LTD	(3,223.73)	3,223.73
Xinneng Phoenix (Tengzhou) Energy Co., LTD	(36,184,768.90)	36,184,768.90
Sitongjuguang High Technology Development (Holdings) Co., LTD	(14,508,746.65)	14,508,746.65
CNMC International Alumina Development Co., LTD	(416,849.00)	416,849.00
Guangxi Beibu Gulf Bank Co., LTD	(53,191,479.00)	53,191,479.00
Tianjin SAIF Partners	(32,237,260.00)	32,237,260.00
Mianyang HITEC City Industrial Investment Fund	(64,474,520.00)	64,474,520.00
Citic Industrial Investment Fund Management Co., LTD	(58,752,406.35)	58,752,406.35
Xibu New Era Energy Investment Co., LTD	(14,506,767.00)	14,506,767.00
Shanghai's Financial Development Investment Funds	(29,013,534.00)	29,013,534.00
Changbai Mountain International Tourism Resort Development Co., LTD	(18,524,627.10)	18,524,627.10
Minsheng Blue Sky Holding Co., LTD	(4,835,589.00)	4,835,589.00
Minsheng Electronic Commerce Co., LTD	(14,506,767.00)	14,506,767.00
Minsheng Research College	(1,611,863.00)	1,611,863.00
Total	(358,039,708.54)	358,039,708.54

* The subsidiary corporation Minsheng Securities invested 483.56 USD in Zhongyuan International Leasing Co., LTD., and such total initial investment cost has been fully appropriated for the provision for impairment during the immediately preceding fiscal year.

(2) Effects of change in presentation of financial statements on consolidated financial statements

In accordance with the newly amended accounting standards No. 30 – Presentation of Financial Statements, other comprehensive proceeds that originally are counted in capital reserve and foreign currency translation differences shall be reported as other comprehensive incomes item and the year Beginning Amounts shall be adjusted retrospectively and reported. The following is the effects of retrospective adjustments:

Items	31-12-2013
	Increase +/- Decrease_ After Adjustment
Capital reserve	(185,732,737.59)

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Items	31-12-2013
	Increase +/- Decrease After Adjustment
Balance arising from the translation of foreign currency financial statements	+162,703.72
Other comprehensive incomes	+185,570,033.87

2. Change of main accounting estimations

No changes of main accounting estimations took place during this reporting period.

IV Taxation

1. Major tax types and tax rates applicable to the Company

Tax Type	Taxation Basis	Tax Rate
Value added tax (output)	Taxable Sales Revenue	3%, 13% or 17%
Business tax	Turnover	5%
Urban maintenance and construction tax	Payable circulation tax	7%
Education surtax	Payable circulation tax	3%
Local education surtax	Payable circulation tax	2%
Land appreciation tax	Advance sale revenue	1%
Corporate income tax	Taxable income	15%, 22% or 25%
Property tax	70-80% of the original value of property or rental income	1.2% or 12%

V. Business Combination and Consolidated Financial Statements

1. Subsidiary and Structured Subject Included in the Scope of Consolidation

No.	Subsidiary	Registration Place	Nature of Business	Registered Capital	Share Proportion
1	Oceanwide Construction Holdings Co., LTD	Beijing	Real estate development	38,684.71	74.17%
2	China Oceanwide Holdings Co., Ltd.	Beijing	Real estate development	73,457.62	73.67%
3	Oceanwide Energy Holdings Co., LTD	Beijing	Investment management	32,237.26	80.00%
4	Oceanwide Industrial Co., LTD	Weifang	Investment management	8,466.79	94.21%
5	Minsheng Holdings Co., Ltd.	Qingdao	Investment management	8,573.04	22.56%
6	Oceanwide Energy Investment (Baotou) Co., LTD	Baotou	Energy and new energy investment development	8,059.32	100.00%
7	Shaanxi Jiuzhouyinghong Industrial Development Co., LTD	Xi'an	Real estate development and hotel management	6,447.45	70.00%
8	Oceanwide Culture & Media Holdings Co., LTD	Beijing	Investment management	3,435.50	90.00%
9	Beijing Jingguanxincheng Advertising Co., LTD	Beijing	Advertising service	80.59	100.00%
10	China Oceanwide International Investment Co., LTD	HK	Investment management	\$199.8 million	100.00%
11	OceanwideGreen Energy Investment Co., LTD	Beijing	Investment management	1,611.86	80.00%

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No.	Subsidiary	Registration Place	Nature of Business	Registered Capital	Share Proportion
12	China Minsheng Trust Co., Ltd.	Beijing	Fiduciary Activities	16,118.63	69.30%
13	Oceanwide International Investment (US) Co., Ltd.	USA	Investment management	\$9.9 million	100.00%
14	Minsheng Wealth Investment Management Co., LTD	Beijing	Financial & Sales Services	1,611.86	100.00%
15	Oceanwide Gallery	Beijing	Exhibition	483.56	100.00%

2. New subject has been consolidated, and the subject no-longer been consolidated during this period

New consolidated subsidiary or structured subject during this period

Name	Ending Net Asset	Current Tern Net Profit
Minsheng Investment Management Co., LTD	16,187,664.31	69,034.31
Oceanwide Gallery	4,812,713.40	(22,875.60)

VI, The important notes to the consolidated financial statements

1. Cash at bank and on hand

(1) Cash at bank and on hand

Items	Ending Balance		Beginning Balance	
	Amount of money	Foreign Currency Amount	Amount of money	Foreign currency amount
Cash	231,825.44	49,740.70	402,326.48	22,585.30
Bank deposit	2,512,951,294.18	306,073,830.23	1,486,433,523.62	30,651,324.29
Other monetary funds	13,032,681.78	8,562.71	183,016,641.95	9,806.09
Total	2,526,215,801.41	306,132,133.64	1,669,852,492.05	30,683,715.68

Note: Other Cash at bank and on hands mainly come from the securities account funds.

(2)Settlement reserve

Ending Balance	Beginning Balance
398,105,123.68	153,554,361.57

Note: All the settlement reserve come from Minsheng Securities Co., LTD

2. Financial asset measured at fair value with changes to be recorded into the current profits and losses

Items	Ending Balance	Beginning Balance
1. Trading financial asset	264,031,655.12	372,753,071.47
(1)Trading bonds investment	230,073,403.48	297,272,174.24
(2) Trading equity instrument investment	33,958,251.64	75,480,897.23
2. Financial asset measured at fair value and whose changes included in the current profits and losses	0.00	0.00
3. Others	111,745,359.60	116,776,244.09
Total	375,777,014.72	489,529,315.56

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Note: Trading financial assets of Minsheng Securities Co., LTD. and China Minsheng Trust Co., LTD. make up the majority of financial assets,

3. Notes receivable

(1) Bills receivable shall be presented on the basis of their respective nature.

Items	Ending Balance	Beginning Balance
Bank acceptance	643,341.27	166,946.66
Trade acceptance	0.00	16,118.63
Total	643,341.27	183,065.29

(2) Bills receivable endorsed or discounted by the company at end of period, but not due at the balance sheet date

Items	Ending Balance	Beginning Balance
Bank acceptance	643,341.27	166,946.66
Commercial acceptance	0.00	16,118.63
Total	643,341.27	183,065.29

4. Accounts receivable

Categories	Ending Amount			
	Book Balance		Bad-debt Provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Major single amount and bad debt	0.00	0.00	0.00	0.00
Provision provided individually	268,647,773.14	99.92	13,153,901.12	100.00
Minor single amount but bad debt provision provided individually	224,251.59	0.08	0.00	0.00
Total	268,872,024.73	100.00	13,153,901.12	100.00

(To continue)

Categories	Beginning Amount			
	Book Balance		Bad-debt Provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Major single amount and bad debt provision provided individually	0.00	0.00	0.00	0.00
Bad debt provided on group basis	182,881,816.06	100.00	8,940,849.51	100.00
Minor single amount but bad debt provision provided individually	0.00	0.00	0.00	0.00
Total	182,881,816.06	100.00	8,940,849.51	100.00

(1) Accounts receivable under provision for bad debt according to combination

Account age	Ending Amount	Beginning Amount
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	Book Balance	Proportion (%)	Provision for bad debts	Book Balance	Proportion (%)	Provision for bad debts
Within 1 year	256,895,892.89	95.53	12,575,172.56	178,074,457.80	97.37	8,717,178.68
1 to 2 years	9,548,117.55	3.56	467,387.51	4,058,834.90	2.22	187,796.88
2 to 3 years	1,917,142.85	0.71	86,979.72	601,773.77	0.33	28,536.47
Over 3 years	510,871.45	0.20	24,361.33	146,749.59	0.08	7,337.48
Total	268,872,024.74	100.00	13,153,901.12	182,881,816.06	100.00	8,940,849.51

(2) Top 5 customers ranked by the amount of accounts receivable

Name	Amount	Provision for bad debts	Percentage (%) of total amount of accounts receivable
Customer 1	75,652,889.20	3,981,731.01	28.18
Customer 2	13,342,356.16	702,229.27	4.97
Customer 3	2,151,434.14	113,233.38	0.80
Customer 4	1,724,209.85	90,747.89	0.64
Customer 5	1,085,670.32	57,140.54	0.40
Total	93,956,559.67	4,945,082.09	34.99

5. Advances to suppliers

(1) Aging analysis of advances to suppliers

Account Age	Closing Amount		Beginning Amount	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	138,263,765.11	57.05	202,487,880.00	52.64
1 to 2 years	94,965,683.48	39.19	2,640,100.46	0.69
2 to 3 years	2,402,958.47	0.99	786,357.60	0.20
Over 3 years	6,713,432.62	2.77	178,741,236.86	46.47
Total	242,345,839.68	100.00	384,655,574.92	100.00

(2) Top 5 corporations ranked by the amount of advance to suppliers

Name	Amount	Percentage (%) of total advance to suppliers
Corporation 1	42,175,301.93	17.40
Corporation 2	40,402,700.10	16.67
Corporation 3	40,296,575.00	16.63
Corporation 4	29,194,449.50	12.05
Corporation 5	10,735,050.27	4.43

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Name	Amount	Percentage (%) of total advance to suppliers
Total	162,804,076.81	67.18

6. Repurchase of sale of financial assets

(1) Classified by financial assets

Items	Ending Balance	Beginning Balance
Bond	24,242,393.66	677,621,013.63
Stock	14,744,524.37	2,121,774.25
Minus: provision for impairment		
Total	38,986,918.03	679,742,787.87

Concerning repurchase of sale of financial assets, the reason of its beginning book balance is much less than the ending book balance in amount is primarily because the outstanding amount of financial assets bought for sale at the end of period is decreased.

(2) Classified by remnant term for agreed repurchase type and pledged-type repo fund-providing

Items	Ending Balance	Beginning Balance
Within 1 month	4,362,339.74	97,389.73
1-3 months	2,979,065.02	0.00
3-12 months	1,520,411.05	2,024,384.52
Above 1 year	5,882,708.56	0.00
Total	14,744,524.37	2,121,774.25

7. Margin loans

(1) The margin loans shall be presented according to customers list.

Categories	Ending Balance	Beginning Balance
Individual	519,317,217.08	224,252,202.12
Institution	2,382,490.97	4,229,327.21
Total	521,699,708.05	228,481,529.33

(2) The Collaterals of margin loans are shown below:

Categories	Ending Balance	Beginning Balance
Fund	20,101,803.80	16,245,684.01
Securities	1,375,418,744.97	605,804,996.79
Total	1,395,520,548.77	622,050,680.80

8. Interests Receivable

Items	Ending Amount	Beginning Amount	Overdue Time	Reason for Overdue	Decrease in Value?
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Items	Ending Amount	Beginning Amount	Overdue Time	Reason for Overdue	Decrease in Value?
Bond Investment	9,168,531.71	6,178,998.35	None		None
NOSTRO	647,868.85	435.28	None		None
Securities Margin Trading	4,075,842.19	2,568,713.47	None		None
Buying Securities and Resell	240,584.32	1,849,324.61	None		None
Among : Agreed Repurchase	0.00	37,866.10	None		None
Stock Pledged Repo	212,453.66	0.00	None		None
Fiduciary Activities	3,886,657.04	140,054.05	None		None
Others	256,679.67	204,905.32	None		None
Total	18,276,163.80	10,942,431.09			

9. Dividends receivable

Items	Beginning Balance	Increased amount during this period	Decreased amount during this period	Ending Amount
1, Minsheng Bank Co., LTD	25,735,004.66	0.00	25,735,004.66	0.00
2, Proprietary hold funds	0.00	129,484.18	0.00	129,484.18
3. Qingdao Guohuohuihai Shopping Center Co., LTD	0.00	409,648.61	0.00	409,648.61
Total	25,735,004.66	539,132.79	25,735,004.66	539,132.79

10. Refundable deposits

Items	Currency	Ending Balance		Beginning Balance	
		Amount of Foreign Currency	Amount of RMB	Amount of Foreign Currency	Amount of RMB
Security Deposit	RMB	0.00	27,005,540.48	0.00	12,296,126.85
	HK dollar	600,000.00	473,322.00	500,000.00	393,115.00
	US dollar	270,000.00	1,652,130.00	270,000.00	1,646,163.00
Guarantee Deposit	RMB	0.00	89,678,582.03	0.00	37,558,960.98
Futures Deposit	RMB	0.00	86,174,809.50	0.00	127,378,023.51
Total		870,000.00	204,984,384.01	770,000.00	179,272,389.34

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11. Other accounts receivable

(1) Other accounts receivable under provision for bad debts according to combination

Other accounts receivable by employing account age analysis method for provision for bad debts

Account Age	Ending Amount			Beginning Amount		
	Book Balance	Provision for bad debts	Net Amount	Book Balance	Provision for bad debts	Net Amount
Within 1 year	1,387,025,598.69	341,139.49	1,386,684,459.20	1,147,437,622.50	290,668.57	1,147,146,953.93
1 to 2 years	511,520,600.71	101,607.10	511,418,993.61	291,051,010.24	252,225.75	290,798,784.49
2 to 3 years	52,876,100.53	214,697.83	52,661,402.70	275,724,984.47	22,546.09	275,702,438.38
Above 3 years	151,570,485.47	22,253,858.73	129,316,626.74	241,683,548.24	27,554,437.34	214,129,110.90
Total	2,102,992,785.40	22,911,303.15	2,080,081,482.25	1,955,897,165.46	28,119,877.76	1,927,777,287.70

(2) Top 5 corporations ranked by the amount of other accounts receivable

Names	Relationship with the Company	Amount	Number of Years	Proportion(%)
Corporation 1	Related party	755,146,497.37	Within 1 year	36.30
Corporation 2	Related party	459,006,913.72	Within 1 year	22.07
Corporation 3	Non-related party	168,749,330.11	1 to 2 years	8.11
Corporation 4	Non-related party	77,064,433.31	1 to 2 years	3.70
Nature person	Non-related party	64,453,022.58	1 to 2 years	3.10
Total	—	1,524,420,197.08	—	73.28

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12. Inventories

(1) Classification of Inventories

Items	Ending Amount			Beginning Amount		
	Book Balance	Provision for impairment of inventories	Book Value	Book balance	Provision for impairment of inventories	Book Value
Non-real estate						
Commodity in stock	5,670.64		5,670.64	3,187,639.37		3,187,639.37
Materials in stock	1,682,585.00	70,751.46	1,611,833.54	2,072,453.38	130,490.51	1,941,962.87
Unfinished products	3,110,894.87		3,110,894.87	2,747,606.79		2,747,606.79
Finished products	3,350,592.84	362,354.56	2,988,238.28	3,331,390.85	277,111.50	3,054,279.35
Low-value consumption goods	192,318.65		192,318.65	229,722.12		229,722.12
Subtotal	8,342,061.99	433,106.01	7,908,955.98	11,568,812.51	407,602.01	11,161,210.50
Real estate						
Cost of development	5,242,276,500.41		5,242,276,500.41	4,416,691,315.94		4,416,691,315.94
Developed products	661,378,903.43		661,378,903.43	449,889,760.22		449,889,760.22
Lease developed products	2,416,852.04		2,416,852.04	2,416,852.04		2,416,852.04
Subtotal	5,906,072,255.88		5,906,072,255.88	4,868,997,928.21		4,868,997,928.21
Total	5,914,414,317.87	433,106.01	5,913,981,211.87	4,880,566,740.71	407,602.01	4,880,159,138.70

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(2) Changes in increase and decrease in provision for impairment of inventories

Inventory Items	Beginning Balance	Provision during this period	Deduction during this period		Ending Balance
			Reversal	Written-off	
Finished products	277,111.50	85,243.06			362,354.56
Materials in stock	130,490.51			59,739.06	70,751.46
Total	407,602.01	85,243.06		59,739.06	433,106.01

(3) The accumulated capitalized borrowing cost covered in the development cost is 1,398,149,365.43 USD, of which the borrowing cost recorded in the development cost is 441,531,722.87 USD this year.

13. Non-current assets due within one year

Items	Ending Balance	Beginning Balance
Personal pledge loan	4,269,857.68	468,080.02
Property rights pledge loan	9,095,742.91	0.00
Real estate mortgage loan	15,079,784.30	6,839,134.71
Total	28,445,384.88	7,307,214.73

Notes: Non-current assets due within one year mainly mean the loans and advance money due within 1 year.

14. Other Current Assets

Items	Ending Balance	Beginning Balance
Withholding tax	2,612,483.35	1,292,014.30
Bank financial products	23,703,444.63	23,430,568.73
Interest paid in advance	4,269,611.43	
Trust financial products	20,954,219.00	
Input tax of the tax payable VAT to be deducted	50,231.48	
Trust loan	63,829,774.80	
Total	115,419,764.69	24,722,583.03

15. Available- for- sale Financial Assets

(1) The available for sale financial assets shall be itemized and shown separately.

Items	Ending Balance	Beginning Balance
1, Financial assets available for sale measured by cost		
Equity instruments investment	506,376,519.38	337,909,475.22
Derivative instruments linked up with Equity instruments investment		
2, Financial assets available for sale measured by fair value		

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Items	Ending Balance	Beginning Balance
Debt instruments investment	92,834,635.37	67,673,148.11
Equity instrument investment	1,766,562,938.14	1,094,945,599.44
Others	32,237,260.00	0.00
Total	2,398,011,352.90	1,500,528,222.77

(2) Particulars as to investment of equity instruments measured by cost

Name (Invested Organization)	Beginning Balance	Change in Increase/Decrease	Ending Balance	Provision for Impairment
China Minsheng Investment Co., LTD*1	0.00	161,186,300.00	161,186,300.00	
Bank of Zhengzhou Co., LTD	1,092,843.11		1,092,843.11	
Zhongyuan International Leasing Co., LTD*2	483,558.90	(483,558.90)	0.00	
Anhui Yihe New Energy Technology Co., LTD*3	3,068,987.15		3,068,987.15	3,068,987.15
Xi'an Well Logging Energy Technology LTD	4,382,368.11		4,382,368.11	
Xi'an Triangle Aviation Science & Technology Co., LTD	4,078,013.39		4,078,013.39	
Beijing iTarge Software Technology Development Co., LTD	2,643,455.32		2,643,455.32	
Tianjin SAIF Partners	32,237,260.00		32,237,260.00	
Mianyang HITEC City Industrial Investment Fund	55,984,620.49	(1,298,017.83)	54,686,602.66	
Citic Industrial Investment Fund Management Co., LTD	58,752,406.35		58,752,406.35	
Xibu New Era Energy Investment Co., LTD	14,506,767.00		14,506,767.00	
Shanghai's Financial Development Investment Funds	29,013,534.00		29,013,534.00	
Beibu Gulf Bank Co., LTD	53,191,479.00		53,191,479.00	
Minsheng Blue Sky Holdings Co., LTD	4,835,589.00		4,835,589.00	
Changbai Mountain International Tourism Resort Development Co., LTD	18,524,627.10		18,524,627.11	
Minsheng Research College	1,611,863.00		1,611,863.00	
Qingdao North International Trade Group Co., LTD	3,223.73		3,223.73	
Qingdao Hisense Industrial Co., LTD	7,253.38		7,253.38	
Shandong Jiejing Co., LTD	2,578.98		2,578.98	
Qingdao Lique Group Sanbaihui (department store Co., LTD	3,223.73		3,223.73	
Minsheng Electronic Commerce Co., LTD	0.00		14,506,767.00	
Xinneng Phoenix (Tengzhou) Energy Co., LTD	36,184,768.90		36,184,768.90	
Sitongjuguang New Technology Development Holdings Co., LTD	14,508,746.65		14,508,746.65	
CNMC International Alumina Development Co., LTD	416,849.00		416,849.00	
Others	2,866,433.19	(2,866,433.19)	0.00	
Total	337,909,475.22	(2,866,433,313.44)	509,445,506.53	3,068,987.15

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*1 The Company's wholly-owned subsidiary Oceanwide Holdings participated in the subscription of China Minsheng Investment Co. Ltd. 's (CMI) share and received 1 billion shares (IPO offer price=0.16 USD per share), that would mean about 2% of CMI 's total equity.

*2 Minsheng Securities made investment in Zhongyuan International Leasing Co., Ltd in preceding years, which had been fully appropriated for the provision for impairment. I&C inquiry told that the business license of Zhongyuan International Leasing Co., Ltd. had been revoked, and this investment was therefore written off in February 2014.

*3 In July 2013, Minsheng Tonghai Investment Co., Ltd., the subsidiary of Minsheng Securities, acquired 1,000,000 Anhui Yihe New Energy Science & Technology Co., Ltd's stock rights owned by Fang Yongzhong, Beijing Yihe Yinfeng Science & Technology Co., Ltd., valued at 1,096,066.84 USD. Meanwhile, Minsheng Tonghai bought additional 1,800,000 stock shares owned by Anhui Yihe, valued at 1,972,920.31 USD. Totally, Minsheng Tonghai has contributed 3,068,987.15 USD to Anhui Yihe by holding 2,800,000 of its shares. Anhui Yihe winded up business in 2014, and there has significant uncertainty over recouping some capital layout. Full amount of such investment has been fully appropriated for the provision for impairment by Minsheng Tonghai.

16. Held-to-maturity investment

Items	Ending Balance	Beginning Balance
Bond	17,730,493.00	17,730,493.00
Trust	0.00	0.00
Others	18,375,238.20	10,477,109.50
Total	36,105,731.20	28,207,602.50

Note: "Others" refers to the direction financial products held by Tonghai Investment, the subsidiary of Minsheng Securities

17. Long-term equity investments

(1) Classification of long-term equity investment

Items	Beginning Balance	Increase in amount during this period	Decrease in amount during this period	Ending Balance
Equity investments in subsidiaries				
Equity investments in jointly controlled entities				
Equity investments in associates	919,407,374.81	110,479,117.07		1,029,886,491.87
Subtotal	919,407,374.81	110,479,117.07		1,029,886,491.87
Subtract: Impairment of long-term equity investment				
Total	919,407,374.81	110,479,117.07		1,029,886,491.87

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(2) Long-term equity investment at large

Name of Investee	Accounting Method	Cost of investment	Beginning Balance	Change in Increase/Decrease	Ending Balance	Share Proportion (%)
Associated Enterprises						
1, Legend Holdings Ltd	Equity method	306,359,842.29	916,673,465.32	104,245,181.42	1,020,918,646.74	20
2, Sanya Golden Beach Real Estate Co., LTD	Equity method	1,611,863.00	1,508,786.91	947.03	1,509,733.94	20
3, Xi 'an Lintong Qinshihuang Tourbus Operation Co., LTD	Equity method	394,906.44	1,225,122.58	135,788.87	1,360,911.45	49
4, Oceanwide Hotel Investment Management Co., LTD	Equity method	8,059,315.00	0.00	6,097,199.74	6,097,199.74	50
Total	—	316,425,926.72	919,407,374.81	110,479,117.07	1,029,886,491.87	—

18. Membership futures investment

Investor	Ending Book Balance	Beginning Book Balance
Zhengzhou Commodity Exchange	64,474.52	64,474.52
Shanghai Futures Exchange	80,593.15	80,593.15
Dalian Commodity Exchange	80,593.15	80,593.15
Total	225,660.82	225,660.82

Note: From Minsheng Futures Co., LTD., a subsidiary of Minsheng Securities Co., LTD

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19. Investment properties

(1) Investment properties measure by fair value

Items	Beginning Fair Value	Amount of Increase During this Period			Ending Fair Value
		Purchase	Self-use Real Estate or Stocks Shift-in	Changes in Fair Value Through Profit or Loss	
1. Total cost	796,943,227.74	47,875.23	607,161,828.05		1,404,152,931.02
Buildings and constructions	796,943,227.74	47,875.23	607,161,828.05		1,404,152,931.02
Land-use right					
2. total profit and loss of fair value	1,083,495,263.65			133,754,573.51	1,217,249,837.16
Buildings and constructions	1,083,495,263.65			133,754,573.51	1,217,249,837.16
Land-use right					
3. total book value of investment property	1,880,438,491.39	47,875.23	607,161,828.05	133,754,573.51	2,621,402,768.18
Buildings and constructions	1,880,438,491.39	47,875.23	607,161,828.05	133,754,573.51	2,621,402,768.18
Land-use right					

(2) Explanation for untitled investment properties

Items	Book Value	Reason for pending Certificate of Title
Zhejiang Fanhai SOHO Centre	133,784,629.00	Expected to be completed in 2015
Kindergarten of Wuhan Yinghai Park	3,062,539.70	Expected to be completed in 2015
Total	136,847,168.70	

20. Fixed assets

(1) Classification of Fixed Assets

Items	Beginning Balance	Increase in amount during this period	Decrease in amount during this period	Ending Balance
1. Total original value	329,229,523.48	40,632,215.33	11,657,364.55	358,204,374.27
Buildings and constructions	135,211,076.81	32,042,346.15	4,780,744.77	162,472,678.18
Power and general equipment	21,528,923.56	2,081,387.81	1,250,163.38	22,360,147.98
Office supplies and equipment	27,510,551.10	6,308,164.62	5,590,568.95	28,228,146.76
Financial lease of fixed assets	111,895,461.81	0.00	0.00	111,895,461.81
Others	33,083,510.21	200,316.76	35,887.44	33,247,939.53
2. Accumulated depreciation	117,650,751.32	24,998,938.86	7,421,265.23	135,228,424.95
Buildings and constructions	47,809,252.43	6,967,585.14	1,512,134.15	53,264,703.42
Power and general equipments	12,008,519.28	2,626,838.68	1,096,569.40	13,538,788.56
Office supplies and equipment	13,871,847.84	5,743,096.39	4,779,781.73	14,835,162.51

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Items	Beginning Balance	Increase in amount during this period	Decrease in amount during this period	Ending Balance
Financial lease of fixed assets	21,842,278.40	9,492,411.04	0.00	31,334,689.44
Others	22,118,853.36	169,007.61	32,779.95	22,255,081.02
3. Provision for impairment	3,199,548.06	0.00	0.00	3,199,548.06
Buildings and constructions	3,199,548.06	0.00	0.00	3,199,548.06
Power and general equipments	0.00	0.00	0.00	0.00
Office supplies and equipment	0.00	0.00	0.00	0.00
Financial lease of fixed assets	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00
5. Total book value of fixed assets	208,379,224.11	15,633,276.47	4,236,099.32	219,776,401.26
Buildings and constructions	84,202,276.32	25,074,761.01	3,268,610.62	106,008,426.70
Power and general equipments	9,520,404.28	(545,450.88)	153,593.98	8,821,359.43
Office supplies and equipment	13,638,703.25	565,068.23	810,787.23	13,392,984.26
Financial lease of fixed assets	90,053,183.40	(9,492,411.04)	0.00	80,560,772.36
Others	10,964,656.85	31,309.15	3,107.49	10,992,858.51

(2) Financial lease of fixed assets as of 31 Dec,2014

Items	Original Book Value	Accumulated Depreciation	Provision for Impairment	Book Value
Transportation				
Business jets 1	62,097,913.01	23,056,955.13		39,040,957.88
Business jets 2	50,317,189.62	8,805,508.19		41,511,681.43
Total	112,415,102.63	31,862,463.32		80,552,639.31

21. Construction in progress

Details of the projects in construction

Items	Ending Balance			Beginning Balance		
	Book Balance	Provision for impairment	Book value	Book Balance	Provision for impairment	Book Value
1. Securities software system development	938,732.89		938,732.89	764,426.03		764,426.03
2. Coal mine and coal chemical projects of Energy Company in Baotou	41,124,444.84		41,124,444.84	39,060,069.73		39,060,069.73
3. Confucian hotel and theatre project of Jiuzhouyinghong Company	59,545,248.90		59,545,248.90	41,173,475.02		41,173,475.02
4. Renovation Project of Weifang Fanhai Hotel	41,650.30		41,650.30	208,111.53		208,111.53

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Items	Ending Balance			Beginning Balance		
	Book Balance	Provision for impairment	Book value	Book Balance	Provision for impairment	Book Value
5. Renovation project of Minsheng Securities Shanghai Office	185,602.16		185,602.16	0.00		0.00
6. Central air conditioning project of Minsheng investment market	33,434.94		33,434.94	0.00		0.00
7. Electrical power engineering project of Oceanwide	9,473,911.10		9,473,911.10	0.00		0.00
Total	111,343,025.12		111,343,025.12	81,206,082.31		81,206,082.31

22. Productive biological assets

Items	Beginning Balance	Increased amount during this period	Decreased amount during this period	Ending Balance
Livestock breeding	54.00	0.00	0.00	54.00
Productive biological assets	54.00	0.00	0.00	54.00
Total	54.00	0.00	0.00	54.00

23. Intangible assets

Items	Beginning Balance	Increased during this period	Decreased during this period	Ending Balance
1. Total original value	26,665,727.49	1,893,342.03	0.00	28,559,069.53
Computer software	6,046,556.24	1,812,748.88	0.00	7,859,305.12
Land-use right	18,094,138.29	0.00	0.00	18,094,138.29
Patent right	0.00	0.00	0.00	0.00
Non-patent technology	0.00	0.00	0.00	0.00
Trade mark right	0.00	0.00	0.00	0.00
Copyright	0.00	0.00	0.00	0.00
Concession	2,525,032.97	80,593.15	0.00	2,605,626.12
2. Total accumulated amortization	7,036,709.62	1,671,537.37	0.00	8,708,246.99
Computer software	2,880,722.95	1,456,893.60	0.00	4,337,616.55
Land-use right	2,520,648.49	214,643.77	0.00	2,735,292.26
Patent right	0.00	0.00	0.00	0.00
Non-patent technology	0.00	0.00	0.00	0.00
Brand	0.00	0.00	0.00	0.00
Copyright	0.00	0.00	0.00	0.00
Proprietary Right	1,635,338.18	0.00	0.00	1,635,338.18
3. Total provision for impairment	0.00	0.00	0.00	0.00

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Items	Beginning Balance	Increased during this period	Decreased during this period	Ending Balance
Computer software	0.00	0.00	0.00	0.00
Land-use right	0.00	0.00	0.00	0.00
Patent right	0.00	0.00	0.00	0.00
Non-patent technology	0.00	0.00	0.00	0.00
Trade mark right	0.00	0.00	0.00	0.00
Copyright	0.00	0.00	0.00	0.00
Proprietary right	0.00	0.00	0.00	0.00
5. Total book value	19,629,017.87	221,804.67	0.00	19,850,822.54
Computer software	3,165,833.29	355,855.29	0.00	3,521,688.57
Land-use right	15,573,489.80	(214,643.77)	0.00	15,358,846.02
Patent right	0.00	0.00	0.00	0.00
Non-patent technology	0.00	0.00	0.00	0.00
Trade mark right	0.00	0.00	0.00	0.00
Copyright	0.00	0.00	0.00	0.00
Proprietary right	889,694.79	80,593.15	0.00	970,287.94

24. Construction materials

Project	Beginning Balance	Increased amount during this period	Decreased amount during this period	Ending Balance
Coal mine and coal chemical projects of Energy Company in Baotou	414,369.91	0.00	0.00	414,369.91
Total	414,369.91	0.00	0.00	414,369.91

25. Goodwill

Name of the invested organization or the formation of goodwill	Beginning Balance	Provision for impairment at the beginning	Increased amount during this period	Decreased amount during this period	Ending Balance	Provision for impairment in the end
Purchase stakes of Ganghuilida	3,891,643.27		0.00	3,891,643.27	0.00	
Purchase stock rights of minority stockholders of Shenzhen Guangcai*1	1,139,340.63		0.00	0.00	1,139,340.63	
Purchase stock rights of Minsheng Securities*2	10,864,723.75		0.00	0.00	10,864,723.75	
Purchase stock rights of Minsheng Futures*3	1,139,783.55		0.00	0.00	1,139,783.55	
Purchase stock rights of Zhongfan Holdings*4	0.00		105,382,258.61	0.00	105,382,258.61	
Purchase stock rights of Jinduobao company*5	0.00		35,608.18	0.00	35,608.18	
Purchase stock rights of Bama project	0.00		4,557,561.14	0.00	4,557,561.14	
Purchase stock rights of Oceanwide Holdings	118,979,539.12		0.00	0.00	118,979,539.12	
Total	136,015,030.32		109,975,427.93	3,891,643.27	242,098,814.98	

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*1. It says that the Company purchased the stock rights owned by minority shareholders of Shenzhen Guangcai in 2007. The difference between the investment cost and Shenzhen Guangcai's net identifiable asset proportion in trade sessions is presented by way of goodwill.

*2. It says that the Company's controlling shareholder China Oceanwide and the shareholder Oceanwide Energy purchased Minsheng Securities at initial time. The difference between the investment cost and Mingsheng Securities net identifiable asset proportion is presented by way of goodwill.

*3. It says that the Company's wholly-owned subsidiary Minsheng Securities purchased the stock rights owned by Misheng Futures. The difference between the investment cost and Mingsheng Futures net identifiable asset proportion is presented by way of goodwill.

*4. It says that the Company's wholly-owned subsidiary Oceanwide HK's subsidiary Oceanwide Holdings International purchased the stock rights owned by Zhongfan Holding. The difference between the investment cost and Zhongfan Holdings net identifiable asset proportion is presented by way of goodwill.

*5. It says that the Company's wholly-owned subsidiary Oceanwide Investment purchased the stock rights owned by Jinduobao. The difference between the investment cost and Jinduobao's net identifiable asset proportion is presented by way of goodwill.

26. Long-term deferred expenses

Items	Beginning Balance	Ending Balance
1. Renovation costs and the improvement expenditure of fixed assets	5,359,978.43	10,611,173.70
2. Organization expenses	11,322,341.67	12,747,113.54
3. Network wiring costs	141,674.89	41,267.30
4. others	416,794.04	216,169.94
Total	17,240,789.03	23,615,724.47

27. Deferred tax assets/Deferred tax liabilities

Deferred tax and assets had not been presented by the net amount after off-set.

Items	Ending Balance		Beginning Balance	
	Deferred Tax Assets/Liabilities	Deductible/Taxable Temporary Difference	Deferred Tax Assets/Liabilities	Deductible/Taxable Temporary Difference
Deferred tax assets:				
1. Provisions for impairment loss on assets	2,321,960.53	9,287,842.10	3,317,711.32	13,270,845.29
2. Change of fair value	1,104,169.12	4,416,676.48	2,062,506.90	8,250,027.61
3. Offset losses before tax	225,818,713.82	903,274,855.27	181,549,801.88	726,199,207.52
4. Provision for long-term investment	122,743.57	490,974.28	394,163.36	1,576,653.43
5. Amortisation of long-term deferred expenses	0.00	0.00	0.00	0.00
6. Depreciation reserves for fixed assets	799,887.01	3,199,548.06	799,887.01	3,199,548.06
7. Provision for goodwill impairment	0.00	0.00	100,354.19	401,416.75
8. Accrued expenses temporary differences	39,049,744.06	156,198,976.25	38,489,894.43	153,959,577.73
9. Unrealized profit	55,810,041.77	223,240,167.06	37,679,052.11	150,716,208.44

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Items	Ending Balance		Beginning Balance	
	Deferred Tax Assets/Liabilities	Deductible/Taxable Temporary Difference	Deferred Tax Assets/Liabilities	Deductible/Taxable Temporary Difference
10. Available-for-sale financial assets, depreciation reserves	13,521.71	54,086.84	0.00	0.00
11. Withholding the land value-added tax temporary difference	22,684,874.59	90,739,498.37	25,452,077.30	101,808,309.20
12. Provision for impairment of loans and advances	71,831.78	287,327.12	0.00	0.00
13. Payroll payable	5,195,726.07	20,782,904.29	0.00	0.00
Subtotal	352,993,214.03	1,411,972,856.11	289,845,448.51	1,159,381,794.03
Deferred tax liabilities:				
1. FVOD	347,371,222.02	1,389,484,888.10	194,680,428.67	778,721,714.66
2. Assets evaluation rising in value	338,010,624.03	1,352,042,496.13	281,115,818.86	1,124,463,275.45
Subtotal	685,381,846.06	274,152,738,422.89	475,796,247.53	1,903,184,990.11

28. Other non-current assets

Items	Ending Balance	Beginning Balance
Prepay for land VAT*	29,238,612.21	38,012,050.00
Prepay for investment	80,593,150.00	0.00
Prepay for share transfer fee	4,932,300.78	0.00
Trust financing product	467,440.27	0.00
Beneficial right of trust	438,328,760.94	325,095,385.19
Buy back premium	345,948,370.89	205,845,798.61
PT. Mabar – bank deposit	3,334,579.45	0.00
Others	146.96	146.75
Total	902,843,361.50	568,953,380.55

* In 2011, the Company's sub-subsidiary Wuhan branch made additional capital contribution in land use right to its subsidiaries City Square and Wuhan Center respectively. For this reason, 54,410,224.73 USD has been paid for land VAT and 25,171,610.18 USD has been carried over for sold projects as of December 31, 2014.

29. Short-term borrowings

Classification of short-term borrowings

Condition of Loan	Ending Balance	Beginning Balance
Guaranteed loans	152,742,808.37	38,842,674.57
Mortgage loans	4,916,182.15	0.00
Secured loans	729,594,371.92	536,306,535.39
Mortgage, Secured loans	306,253,970.00	161,992,231.50

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Condition of Loan	Ending Balance	Beginning Balance
Secured, guaranteed loans	120,889,725.00	0.00
Mortgage, Secured loans	3,223,726.00	0.00
Total	1,317,620,783.45	737,141,441.46

30. Financial liabilities at fair value through profit or loss

Items	Ending Fair Value	Beginning Fair Value
Issued trading bond	0.00	0.00
Designated as financial liabilities measured at fair value and its variation is recorded into the profit and loss of current period	0.00	0.00
Other financial liabilities	6,817,602.72	0.00
Total	6,817,602.72	0.00

31. Derivative Financial Liabilities

Items	Ending Balance	Beginning Balance
Minsheng Securities project	12,730.75	0.00
Total	12,730.75	0.00

32. Notes payable

Items	Ending Balance	Beginning Balance
Bank acceptance	12,894,904.00	18,149,577.38
Trade acceptance	0.00	0.00
Total	12,894,904.00	18,149,577.38

33. Accounts payable

(1) The accounts payable shall be presented by account age.

Items	Ending Balance	Beginning Balance
Within 1 year (incl. 1 year)	391,834,138.53	262,423,061.88
1 to 2 years (incl. two years)	22,375,655.33	47,944,513.33
2 to 3 years (incl. three years)	1,001,854.77	7,729,364.43
Above 3 years	3,333,183.15	3,238,028.21
Total	418,544,831.78	321,334,967.85

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(2) Significant account payables aged over one year

Name		Age	Reason for not being settled
Corporation 1	7,982,198.32	1 year above	Withholding project funds
Corporation 2	4,532,140.20	1 year above	Withholding project funds
Total	12,514,338.51		

34. Advances from customers

(1) Advances from customers shall be presented according to the account age.

Items	Ending Balance	Beginning Balance
Within 1 year (incl. 1 year)	304,497,914.05	127,600,057.25
1 year above	51,430,099.33	11,987,527.58
Total	355,928,013.38	139,587,584.83

(2) Significant advances from customers aged over one year

Names	Outstanding Amount	Account Age	Reason for Non-Carry-Over
Full sale for No. 13 office building in Wuhan CBD	39,974,202.40	1 year above	Not finished
Total	39,974,202.40		

35. Financial assets sold for repurchase

Items	Ending Balance	Beginning Balance
Bond	147,070,342.30	844,638,823.09
Others	67,105,030.89	32,237,260.00
Total	214,175,373.19	876,876,083.09

36. Funds for agency trading of securities

Items	Ending Balance	Beginning Balance
Funds for agency trading of securities	1,205,513,772.70	504,246,942.97
Receivings from vicariously traded securities deal on credit	60,752,717.69	16,245,684.01
Total	1,266,266,490.39	520,492,626.98

Note: Funds for agency trading of securities in the end of period is much more than that of beginning is mainly because of the final stock market is better and the brokerage business has been improved.

37. Currency deposit payable

Items	Ending Balance	Beginning Balance
Currency deposit payable	50,645,069.64	54,124,948.88
Total	50,645,069.64	54,124,948.88

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38. Employee benefits payable

Items	Beginning Balance	Increased amount during this period	Decreased amount during this period	Ending Balance
1. Wages, bonuses, allowances and subsidies	29,058,379.37	196,505,036.20	179,919,749.21	45,643,666.36
2. Staff welfare	11,685.35	3,283,234.43	3,278,175.49	16,744.29
Non-monetary welfare	11,685.35	3,283,234.43	3,278,175.49	16,744.29
3. Social insurance	212,431.05	11,456,350.29	11,367,489.19	301,292.15
Including: 1) Medical insurance	47,649.63	7,203,810.84	7,099,428.05	152,032.41
2) Basic pension insurance	237,962.09	14,173,693.96	14,189,184.15	222,471.90
3) Unemployment insurance	21,449.71	1,274,231.97	1,284,811.33	10,870.35
4) Work-related injury insurance	5,847.77	469,029.96	483,733.76	(8,856.03)
5) Birth insurance	8,209.08	589,993.75	586,748.83	11,454.00
6) Pension payment	0.00	5,333.50	5,333.50	0.00
7) Reimbursement medical insurance	0.00	0.00	0.00	0.00
4. Housing funds	(292,469.54)	9,024,410.33	8,975,460.59	(243,519.80)
5. Labor union fund and employee education fee	11,453,561.91	6,073,588.78	4,374,136.32	13,153,014.37
6. Dismissal welfare and early-retirement compensation	0.00	16,480.98	16,480.98	0.00
(1) Compensation for relief of labor relationship	0.00	16,480.98	16,480.98	0.00
(2) Estimated expenditure for early-retired employee				
Others	72,980.51	6,005,734.48	3,015,061.66	3,063,653.33
Including payment of stockholdings in cash				
Total	40,516,568.64	232,364,835.49	210,946,553.44	61,934,850.69

39. Taxes and surcharges payable

Tax Type	Ending Balance	Beginning Balance
1. Business tax	27,253,042.05	19,387,774.71
2. City maintenance and construction tax	1,981,398.11	1,432,176.32
3. Enterprise income tax	97,545,060.17	85,701,538.25
4. Building tax	585,898.00	631,589.00
5. Added-value tax	527,377.33	209,720.47
6. Land appreciation tax	139,273,319.69	79,661,739.72
7. Land use tax	71,814.23	119,025.59
8. Deed tax	0.00	0.00
9. Stamp tax	166,566.47	117,260.44
10. Vehicle and vessel use tax	0.00	411.20

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Tax Type	Ending Balance	Beginning Balance
11. Individual income tax	2,453,711.05	1,666,998.55
12. Business tax and surtax	210,568.80	555.42
13. Enterprise income tax	(285.12)	0.00
14. Consumption tax	0.00	34,755.70
15. Interest tax	2,355.58	2,355.58
16. Others	27,512.44	967.85
Subtotal	270,098,338.80	188,966,868.80
1. Education surtax	923,675.70	646,227.46
2. Local education surtax	521,553.92	397,045.40
3. Water project fund	1,891.09	214,937.08
4. River route maintenance fee	315,232.06	48,974.29
5. Hotel industry capacity increasing fee	0.00	0.00
6. Cultural construction fee	125,686.22	73,325.71
7. Non-staple food regulative fund	645.20	751.46
8. Others	1,042.11	4,778.54
Subtotal	1,889,726.30	1,386,039.93
Total	271,988,065.09	190,352,908.73

40. Interest payable

Items	Ending Balance	Beginning Balance
Clients fund	111,517.77	52,480.14
Bank loan interest	7,400,690.41	3,379,923.27
Trust interest	10,506,779.25	5,488,713.70
Borrowing funds	745,866.32	371,937.39
Including circulating funds and financed funds	744,388.78	371,937.39
Payable debenture interest	12,665,814.00	4,951,643.14
Including Subordinated Debentures	986,725.12	0.00
Non-Subordinated Debentures	11,679,088.88	4,951,643.14
Receivings from selling repurchased securities	744,390.21	2,092,657.67
Others*	2,061,638.51	654,902.15
Total	34,236,696.47	16,992,257.46

* It refer to the interests payable generated from the Company's sub-subsidiary Minsheng Securities transfer of fund usufruct of held-to-maturity investment to No. 11 directional asset management plan and No. 12 directional asset management plan serving as the financial products.

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41. Dividend payable

Name of Organization	Ending Balance	Beginning Balance	Reason for Non-payment Beyond one year
Henan Garden Group Co., LTD	66,077.28	66,077.28	
Tonghai Holdings Co., LTD	0.00	2,659,573.95	
Others	673,610.26	9,325.95	
Total	739,687.54	2,734,977.18	

42. Other payable

Items	Ending Balance		Beginning Balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (incl. 1 year)	164,921,542.31	42.63	354,466,291.27	60.70
1 to 2 years (incl. 2 years)	120,420,549.49	31.13	143,602,418.37	24.59
2 to 3 years (incl. 3 years)	61,018,338.31	15.78	15,535,367.83	2.66
Over 3 years	40,460,485.46	10.46	70,318,629.65	12.05
Total	386,820,915.58	100.00	583,922,707.12	100.00

1. Notes to other large amount of accounts payable aged over 1 year

Name of Organization	Amount	Type and Content of Other Accounts Payable
Corporation 1	73,033,784.05	Withheld tax
Corporation 2	27,401,671.00	Incomings and outgoings
Corporation 3	26,905,432.11	Incomings and outgoings
Corporation 4	17,043,819.79	Current account
Corporation 5	16,118,630.00	Incomings and outgoings
Total	160,503,336.95	—

43. Non-current liabilities due within one year

Type	Ending Balance	Beginning Balance
Long-term loan due within one year	3,300,478,080.47	1,250,455,913.73
Bond due within one year	0.00	514,895,848.93
Long-term payable due within one year	0.00	0.00
Other long-term liabilities due within one year	0.00	0.00
Total	3,300,478,080.47	1,765,351,762.66

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44. Other current liabilities

Items	Ending Balance	Beginning Balance
Borrowing funds	50,934,870.80	32,237,260.00
Stock clearing payable	74,008.93	1,194,783.46
Others	29,193.06	390,742.28
Total	51,038,072.79	33,822,785.74

45. Long-term borrowings

Conditions of borrowings	Ending Balance	Beginning Balance
Guaranteed borrowings	191,814,114.79	826,402,160.10
Mortgage borrowings	2,767,407,584.70	2,720,421,778.25
Secured borrowings	1,680,172,015.65	1,680,850,736.40
Mortgage, Secured borrowings	74,951,629.50	74,951,629.50
Secured, guaranteed borrowings	402,965,750.00	0.00
Mortgage, guaranteed loan	996,124,082.83	531,930,749.66
Total	6,113,435,177.48	5,834,557,053.91

46. Bond payable

Bond Name	Face Value	Issue Date	Bond Period	Issuing Value	Beginning Interest payable	Ending interest payable	Ending Balance
11 China Oceanwide Debt	451,321,640.00	2011.12.13	6to10years	451,321,640.00	0.00	0.00	451,321,640.00
01 Minsheng Subordinated Debt	65,280,451.50	2014.8.13	1year	65,280,451.50			66,907,991.54
02 Minsheng Subordinated Debt	67,698,246.00	2014.10.16	2years	67,698,246.00			67,698,246.00
US Dollar Debt	\$320 million	2014.09.08	5years	305,383,776.07			305,865,841.90
Total				889,684,113.57			891,793,719.44

47. Long-term payables

Item	Ending Balance	Beginning Balance
Financing lease business jets	31,456,207.95	51,328,282.12
Total	31,456,207.95	51,328,282.12

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48. Accrued liabilities

Items	Beginning Balance	Increased amount during this period	Decreased amount during this period	Ending Balance
Asset retirement obligations				
External guarantee				
Pending litigation				
Product quality assurance				
Restructuring obligations				
Executory onerous contract	220,499.32	0.00	220,499.32	0.00

Note: Estimate the compensation for asset deflation occurs during the union plan

49. Deferred revenue

Items	Beginning Balance	Increased amount during this period	Decreased amount during this period	Ending Balance	Reasons for return during this period
Special funds for intelligent fire-fighting engineering technology research center in Nanshan district	0.00	161,186.30	16,118.63	145,067.67	Project pending acceptance
Total	0.00	161,186.30	16,118.63	145,067.67	

Government's Projects Subsidy

Items	Beginning Balance	Increased subsidy during this period	Non-operating revenue during this period	Other Variation	Ending Balance	Reason for return during this period
Special funds for intelligent fire-fighting engineering technology research center in Nanshan district*	0.00	88,652.47	16,118.63	0.00	72,533.84	Associated with the asset
Special funds for intelligent fire-fighting engineering technology research center in Nanshan district*	0.00	72,533.84	0.00	0.00	72,533.84	Associated with the asset
Total		161,186.30	16,118.63		145,067.67	

50. Share capital

Name of Investor	Beginning Amount		Increased amount during this period	Decreased amount during this period	Ending Balance	
	Investment Amount	Proportion			Investment Amount	Proportion
China Oceanwide Holding Group CO., Ltd	1,225,015,880.00	97.43%			1,225,015,880.00	97.43%
Tonghai Holding Group CO., Ltd	32,237,260.00	2.57%			32,237,260.00	2.57%
Total	1,257,253,140.00	100.00%			1,257,253,140.00	100.00%

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51. Capital Reserve

Items	Beginning Balance	Increased amount during this period	Decreased amount during this period	Ending Balance
Capital premium	416,575,740.96	106,912,164.84	0.00	523,487,905.80
Other capital reserve				
Total	416,575,740.96	106,912,164.84	0.00	523,487,905.80

52. Other Comprehensive Income

Items	Beginning Balance	Amount Incurred during the period	Ending Balance
1) other comprehensive income which can not be reclassified into the profit and loss			
2) other comprehensive income which will be reclassified into the profit and loss	185,570,033.87	525,028,118.15	710,598,152.02
Among, other comprehensive income which will be reclassified into the profit and loss by investee under equity law	(32,600,992.49)	(9,005,773.42)	(41,606,765.91)
Changes in fair value through profit or loss of available-for-sale financial assets	177,676,359.10	537,817,683.21	715,494,042.31
Balance arising from the translation of foreign currency financial statement	(162,703.72)	(5,487,801.46)	(5,650,505.19)
Changes in fair value through profit or loss of investment real estate	40,657,370.98	1,704,009.83	42,361,380.81
Total	185,570,033.87	525,028,118.15	710,598,152.02

53. Surplus Reserve

Items	Beginning Balance	Increased amount during this period	Decreased amount during this period	Ending Balance
Statutory Surplus Reserve	73,231,412.78	0.00	0.00	73,231,412.78
Discretionary Surplus Reserve	1,046,443.51	0.00	0.00	1,046,443.51
Total	74,277,856.29	0.00	0.00	74,277,856.29

54. Undistributed profit

Items	Ending Balance	
	Amount	Appropriation/Distribution Proportion
Retained earnings in last year before adjustment	1,071,343,835.29	
Total Retained earnings at the beginning of the year under adjustment (add+/ minus-)	393,283,648.98	
Retained earnings at beginning of the year after adjustment	1,464,627,484.26	
Add: Net profit belonging to the owner of parent company during this period	4,725,492.29	
Minus: Appropriation of statutory surplus reserves	0.00	
Appropriation of discretionary reserved capital	0.00	
Drawing general risk	0.00	
Common stock dividends payable	0.00	
Common stock dividends transferred to share capital	0.00	
Others	(12,435.43)	
Retained earnings at the end of year	1,469,340,541.12	

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55. Operating revenue and cost of operations

(1) Total Operating revenue and Cost of operations

Items	Amount incurred during this period		Amount incurred during last period	
	Revenue	Cost of operations	Revenue	Cost of operations
Key business	1,429,216,406.27	492,865,487.84	1,366,511,209.46	512,491,124.23
Other business	5,440,811.18	1,836,790.93	6,414,535.92	1,115,436.63
Total	1,434,657,217.45	494,702,278.77	1,372,925,745.37	513,606,560.85

(2) Operating revenue Classified by industries

Industry	Amount incurred during this period		Amount incurred during last period	
	Revenue	Cost of operations	Revenue	Cost of operations
Real - estate	893,315,822.27	366,862,621.30	885,076,058.57	376,610,765.23
Finance and Insurance	284,624,507.25	848,649.51	233,595,995.07	525,963.91
Leasing industry	84,955,788.66	2,663,469.75	77,383,675.35	451,610.35
Business	119,692,340.73	86,734,886.16	116,833,087.69	88,754,678.71
Hotel service industry	9,927,183.96	3,245,102.12	11,909,240.28	4,663,067.05
Housing management	20,613,778.11	23,971,206.98	25,225,979.67	30,520,377.80
Advertisement	16,086,985.29	8,539,552.02	16,487,172.82	10,964,661.17
Others	5,440,811.18	1,836,790.93	6,414,535.92	1,115,436.63
Total	1,434,657,217.45	494,702,278.77	1,372,925,745.37	513,606,560.85

56. Business taxes and surcharges

Items	Tax Rate	Amount incurred during this period	Amount incurred during last period
Business tax	5%	71,430,060.64	67,566,090.84
Education surtax	3%	2,565,111.61	1,790,651.32
City maintenance and construction tax	7%	5,399,285.50	4,986,959.19
Land VAT	1%	129,655,993.22	118,198,191.16
Local education surtax	2%	1,297,581.15	1,764,735.82
Others		1,699,867.15	1,000,923.04
Total		212,047,899.26	195,307,551.38

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57. Selling and distribution expenses

Items	Amount incurred during this period	Amount incurred during last period
Salaries and subsidies	16,621,128.07	15,208,116.59
Traveling expenses	2,939,138.47	1,607,090.91
Handle official business expenses	4,727,314.55	3,801,836.38
Advertisement and bids expenses	23,655,728.14	18,539,541.73
Leasing expenses	771,281.15	3,901,101.46
Maintenance and repair expenses	3,165,223.69	3,319,322.78
Others	4,159,814.80	1,936,898.69
Total	56,039,628.88	48,313,908.53

58. Administrative expenses

Items	Amount incurred during this period	Amount incurred during last period
Salaries and subsidies	177,816,698.35	152,262,567.59
Handle official business expenses	32,264,765.89	32,117,681.07
Advisory service charge	20,091,585.86	41,888,048.56
Meeting expenses	630,417.00	263,725.08
Leasing expenses	12,082,098.24	10,380,146.94
Tax fee	12,007,424.32	11,367,463.75
Maintenance and repair expenses	27,119,966.84	28,553,717.29
Asset insurance fee	421,885.02	523,462.24
Other expenses	16,516,684.48	7,672,081.31
Inventories loss (inventory gain)	13,296.49	0.00
Total	298,964,822.49	285,028,893.83

59. Financial Expenses

Items	Amount incurred during this period	Amount incurred during last period
Net Interest expenses	560,378,842.44	467,967,703.70
Among: Interest expenses	564,833,716.19	472,708,418.75
Charge for remittance	3,289,594.54	40.33
Settlement fee	2,776,253.80	691,585.26
Commitment fees	15,346,191.03	25,585,668.62
Procurement fee	0.00	0.00
Loss or gain on exchange	3,146,491.90	18,476.08
Total	584,937,373.71	494,263,473.99

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60. Impairment losses

Items	Amount incurred during this period	Amount incurred during last period
Provision for bad-debts	16,712,379.99	5,549,484.33
Provision for depreciation of inventories	385,183.88	241,539.56
Loss on impairment of available for sale financial assets	3,068,987.15	0.00
Loss on impairment of held to maturity investments	0.00	0.00
Loss on impairment of long-term equity investments	0.00	0.00
Loss on impairment of investing property	0.00	0.00
Loss on impairment of fixed assets	0.00	0.00
Loss on impairment of construction materials	0.00	0.00
Loss on impairment of construction in progress	0.00	0.00
Loss on impairment of productive biological assets	0.00	0.00
Loss on impairment of oil assets	0.00	0.00
Loss on impairment of intangible assets	0.00	0.00
Loss on impairment of goodwill	0.00	0.00
Loss on other impairments	287,327.12	0.00
Total	20,453,878.14	5,791,023.89

61. Gains/(losses) on changes in fair values

Source of Gain or loss from changes in fair values	Amount incurred during this period	Amount incurred during last period
Financial liabilities at fair value through profit or loss	(376,543.14)	(13,936,842.22)
Among, gain from derivative financial instruments	0.00	0.00
The financial liabilities measured at the fair value and the variation recorded into the profits and losses of the current period	0.00	0.00
Among, gain from derivative financial instruments	0.00	0.00
The investing real estate measured at fair value	129,109,500.05	217,894,335.48
Others	0.00	0.00
Total	128,732,956.92	203,957,493.26

62. Investment income

(1) Details of Investment Income

Items	Amount incurred during this period	Amount incurred during last period
Investment income of long term equity calculated by cost method		

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Items	Amount incurred during this period	Amount incurred during last period
Investment income of long term equity calculated by equity method	75,972,318.71	156,437,616.70
Investment income from disposal of long-term equity	48,731,170.98	9,978,111.81
Investment income from holding the financial assets measured at the fair value and whose variation is recorded into the profits and losses of the current period	62,724,975.75	22,698,480.21
Investment income from holding the held to maturity investment	59,601.49	1,391,113.85
Investment income from holding the available for sale financial assets	48,242,709.35	52,407,291.41
Investment income from disposal of financial assets measured at the fair value and whose variation is recorded into the profits and losses of the current period	82,647,165.97	61,116.47
Investment income from disposal of the held to maturity investment		
Investment income from disposal of the financial assets available for sale	5,959,573.86	5,924,889.51
Others	1,909,945.05	(220,499.32)
Total	326,247,461.15	248,678,120.64

(2) Investment Income of Long-term Equity Calculated by Equity Method

Investee	Amount incurred during this period	Amount incurred during last period	Notes
1. Legend Holdings Co., LTD	77,785,262.64	155,950,648.67	
2. Sanya Golden Beach Real Estate Co., LTD	947.03	(12,716.73)	
3. Xi'an Lintong-District Qinling- Scenic-Spot Tourbus Operation Co., LTD.	135,788.87	499,684.76	
4. Fanhai Hotel Investment Management Co., LTD	(1,949,679.82)	0.00	
Total	75,972,318.71	156,437,616.70	

63. Non-operating income

Items	Amount incurred during this period	Amount incurred during last period
Gain from waste disposal	20,352.56	3,956.49
Liquidated damages, compensation shall and penalty	88,333.00	1,711.73
Gain from disposal of non-current asset	74,827.24	97,082.92
Donation income	0.00	0.00
Tax returns and government subsidy	4,992,750.38	6,225,930.88
Unpayable payables	36,075.68	41,392,365.07
Others	1,102,101.14	1,831,119.91
Total	6,314,440.01	49,552,167.00

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64. Non-operating expense

Items	Amount incurred during this period	Amount incurred during last period
Net loss on the disposal of non-current assets	366,479.23	226,243.91
Default expense, compensation shall, penalty and overdue fine	77,783.26	564,316.20
Sponsor and donation outlay	25,447,666.87	38,789,205.85
Impairment of asset appraisal	0.00	0.00
Others	98,616.00	259,293.00
Total	25,990,545.35	39,839,058.96

65. Income Tax Expenses

Items	Amount incurred during this period	Amount incurred during last period
Current income tax expense calculated in accordance with Tax Law and relevant regulations	127,684,397.68	128,651,218.46
Deferred income tax adjustment	(37,731,911.68)	(2,698,777.28)
Others	0.00	0.00
Total	89,952,486.00	125,952,441.18

66. Consolidated Cash Flow Statement

(1) Complementary Information for Cash Flow Statement

Items	Amount incurred during this period	Amount incurred during last period
Reconciliation from the net profit to the cash flows from operating activities		
Net profit	112,869,188.72	166,960,664.47
Add: Provision for impairment of assets	20,429,391.85	5,779,016.86
Depreciation of fixed assets, oil assets and productive biological assets	25,937,642.64	25,637,195.15
Amortization of intangible assets	1,890,414.39	1,551,001.94
Amortization of long-term deferred expense	2,648,026.54	3,819,139.66
Losses on disposal of fixed assets, intangible assets and other long-term assets (using “-“ to present gain)	133,079.34	187,997.42
Losses on retirement of fixed assets (using “-“ to present gain)	158,540.79	5,243.79
Losses on variation of fair value (using “-“ to present gain)	(44,076,049.05)	(203,957,493.26)
Finance expenses (using “-“ to present gain)	581,842,442.38	482,436,655.92
Investment losses (using “-“ to present gain)	(292,591,529.11)	(216,289,791.00)
Decrease in deferred tax assets (using “-“ to present increase)	(63,154,244.84)	(55,964,269.99)
Increase in deferred tax liabilities (using “-“ to present decrease)	49,157,578.12	52,818,612.77
Decrease in inventory (using “-“ to present increase)	(1,104,275,881.54)	(669,242,057.66)
Decrease in operating receivables (using “-“ to present increase)	(1,536,505,666.31)	(3,027,584,797.50)

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Items	Amount incurred during this period	Amount incurred during last period
Increase in operating payables (using “-“ to present decrease)	1,919,813,999.15	1,928,045,103.45
Others	868,784.94	(121,121,739.02)
Net cash flows from financing activities	(324,854,281.99)	(1,626,919,516.99)
2. Significant investing and financing activities that do not involve cash receipts and payments		
Conversion of debt into capital	0.00	0.00
Convertible bonds to be due within one year	0.00	0.00
Fixed assets under finance lease	0.00	39,321,602.61
3. Net variation in cash and cash equivalents		
Remaining cash at the end of the period	2,860,206,684.75	1,652,477,839.12
Minus: remaining cash at the beginning of the period	1,652,477,839.12	1,635,084,998.31
Plus: remaining cash equivalents at the end of the period	0.00	0.00
Minus: Cash equivalents remaining at the beginning of the period	0.00	0.00
Net increase of cash and cash equivalents	1,207,728,845.63	17,392,840.81

(2) Cash and Cash Equivalents

Items	Ending Balance	Beginning Balance
1. Cash	2,860,206,684.75	1,652,477,839.12
Including :cash on hand	231,825.44	402,326.48
Bank deposits available for payment whenever necessary	2,448,837,053.84	1,315,504,509.12
Other monetary capital available for payment whenever necessary	13,032,681.78	183,016,641.95
Provision of settlement fund available for payment whenever necessary	398,105,123.68	153,554,361.57
2. Cash equivalents		
Including: Bonds mature within 3 months		
3. Balance of cash and cash equivalents at the period-end	2,924,320,925.09	1,823,406,853.62
Including: Cash or cash equivalents which are subject to restricted use in the parent company and those subsidiaries in the group.		

VII. Other Comprehensive Income

Each other comprehensive income and its income tax impact, along with the situation of transfer into profit and loss

Items	Amount incurred during this period	Amount incurred during last period
1. Other comprehensive income that can't be reclassified into profit and loss later.		
(1) Re-measure the variation in net liabilities or net assets of defined benefit plan.		
(2) Share in other comprehensive income that can't be reclassified into profit and loss under equity law in the organization to be		

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Items	Amount incurred during this period	Amount incurred during last period
invested.		
2. Other comprehensive income which will be reclassified into profit and loss later.	525,028,118.15	(97,820,214.94)
(1) Share in other comprehensive income that will be reclassified into profit and loss under equity law in the organization to be invested.	(9,005,773.42)	708,244.62
Minus: other comprehensive income recorded in last period was transferred into the profit and loss in this period		
Subtotal	(9,005,773.42)	708,244.62
(2) Changes in fair value through profit or loss of available for sale financial assets	537,817,683.21	(93,896,701.56)
Minus: other comprehensive income recorded in last period was transferred into the profit and loss in this period		
Subtotal	537,817,683.21	(93,896,701.56)
(3) The held to maturity investment is reclassified into the profit and loss of available for sale financial assets.		
Minus: other comprehensive income recorded in last period was transferred into the profit and loss in this period		
Subtotal		
(4) Effective portion of hedging profit and loss of cash flow is transferred into the adjustment amount of the initially confirmed amount of the arbitrage project.		
Minus: other comprehensive income recorded in last period was transferred into the profit and loss in this period		
Subtotal		
(5) Foreign currency translation differences of financial statements	(5,487,801.46)	(4,631,758)
Minus: other comprehensive income recorded in last period was transferred into the profit and loss in this period		
Subtotal	(5,487,801.46)	(4,631,758)
(6) Others	1,704,009.83	
Other comprehensive income belonging to minority shareholders	17,832,771.69	(1,715,345.41)
3. Total other comprehensive income	542,860,889.84	(99,535,560.35)

VIII. Contingent Events

1, The Guarantees

Fanhai Xinhua, Beijing Guangcai, Fanhai Dongfeng, and Wuhan Company provide the mortgage guarantee for the commercial residential home buyers following normal real estate practice. The cumulative balance is \$0.35 billion until December 31, 2014, among them the periodic guarantees are approximately \$0.35 billion.

2, Lawsuits

(1) The Law Case of the Bank of Zhengzhou Co., Ltd.

The Bank of Zhengzhou Co., Ltd. (BZC) filed a lawsuit against Minsheng Securities and its Henan Branch in Zhengzhou Intermediate People's Court on September 16, 2011. The BZC claimed that Minsheng Securities should restitute the bonds of \$2.85 million that was under the custody of the defendant between 1991 and 1995 in the space of 10 days. BZC also claimed that Minsheng Securities should, if failed to restitute on time, pay the total

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compensation of \$9,690,987.80 including both the \$2.85 million principal and \$6,842,825.88 interest (calculated by September 16, 2011, and the interest shall accrue during the litigation). Minsheng Securities submitted an Objection to Jurisdiction to Zhengzhou Intermediate People's Court on December 6, 2011, and requested to transfer the case to Beijing Second Intermediate People's Court. The civil judgment (2011 Zheng Min Chu Zi No. 1357) by Zhengzhou Intermediate People's Court turned down the Objection to Jurisdiction requested by Minsheng Securities and its Henan Branch. Minsheng Securities refused to accept the judgment and appealed to Henan Higher People's Court on January 16, 2012, requesting a withdrawal of Zhengzhou Intermediate People's Court's civil judgment and transferring the case to Beijing Second Intermediate People's Court with jurisdiction. The case was not yet decided until December 31, 2014.

(2) The Law Case of Anhui Yihe

In July 2012, Minsheng Tonghai, the subsidiary of Minsheng Securities, accepted a transfer of 1 million equity stock from the transferee Fang Yongzhong, and Beijing Yihe Yinfeng Science and Technology Co., Ltd. The transfer price is set at \$1.10 million. In the mean time, Minsheng Tonghai increased capital investment in Anhui Yihe by picking up an additional 1.8 million shares valued at \$1,972,920.31. Minsheng Tonghai made capital contribution \$3,068,987.15 in total to Anhui Yihe, holding 2.8 million of its shares.

Anhui Yihe stopped the business in 2014. In May 15, 2014, Minsheng Tonghai filed a lawsuit in Beijing Haidian People's Court against Fang Yongzhong and Beijing Yihe Yinfeng, claiming the receivable and interest of 1 million transferred shares. One of the defendants, Fang Yongzhong, filed an Objection to Jurisdiction in Beijing Haidian People's Court on September 10, 2014. The Beijing Haidian People's Court turned down the objection. Minsheng Tonghai then applied for property reservation to Haidian People's Court on October 27, 2014. On January 8, 2015, Minsheng Tonghai received the civil judgment about the property reservation, ruling to close down and freeze the properties of Fang Yongzhong, however Minsheng Tonghai was not the primary custodian of the properties. This case has not been finally judged or become reconciled. Therefore, collecting the receivables is highly uncertain.

Except for aforesaid contingent events, the Company has no other material disclosable contingent events which remain undisclosed as of December 31, 2014.

XI. Commitments

1. Until December 31, 2014, Fanhai Holding Corporation Co., Ltd., the subsidiary of the Company, still had unpaid contractual expenditures (mostly arising from engineering constructions) of approximately \$1.31 billion.

2. Operating Lease: The following is a list of future lease payment, according to the leasing contracts concluded and signed between the Company's subsidiaries and lessors in terms of renting offices and occupying the land for business operations:

Remaining Lease Term	Minimum Lease Payables
1 . within 1 year (including 1 year)	16,749,143.36
2 . 1 to 2 years (including 2 years)	7,000,679.51
3 . 2-3 years (including 3 years)	1,951,608.19
4 . Over 3 years	651,178.53
Total	26,352,609.59

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X Subsequent events after the balance sheet date

Important Non-Adjustment Events

The Board of the subsidiary, Fanhai Holding Corporation Co., Ltd., passed the "Proposal for the Non-public Issuance of A-Share by Fanhai Holding Corporation Co., Ltd. in 2015." This non-public stock issuance will not exceed 1,351,351,400 shares and raise no more than \$1.93 billion. The dominant stockholder of the Company, China Fanhai, promised purchasing no more than 15% (inclusive) and no less than 10% (inclusive) of the total final non-public stock issuance, as well as remaining the newly purchased stocks non-transferable within 36 months from the date the shares are listed and traded at stock exchanges.

XI Related Parties Relationships and Transactions

1. Information of the Company's Parent Company

Name of the Parent Company	Registered Address	Nature of Business	Registered Capital (Unit: \$1,611.86)	The Parent Company's Proportion of Shareholding	The Parent Company's Proportion of Vote
China Oceanwide Holding Group Co., Ltd.	Weifang, Shandong Province	Investment Management	\$16,118.63	97.43%	97.43%

2. The Information of the Subsidiaries of the Company

Name of subsidiary	Registered Address	Nature of Business	Registered Capital (Unit: \$1,611.86)	The Parent Company's Proportion of shareholding	The Parent Company's Proportion of Vote
The Oceanwide Construction Holding Co., Ltd	Beijing	Real estate development	38,684.71	74.17%	74.17%
The Oceanwide Holding Corporation Co., Ltd	Beijing	Real estate development	73,457.62	73.67%	73.67%
The Oceanwide Energy Holdings Co., LTD	Beijing	Investment management	32,237.26	80.00%	80.00%
The Oceanwide Industry Holdings Co., LTD	Weifang	Investment management	8,466.79	94.21%	94.21%
Minsheng Holdings Co., LTD	Qingdao	Investment management	8,573.04	22.56%	22.56%
Fanhai Energy Investment (Baotou) Co., Ltd.	Baotou	New energy investment and development	8,059.32	100.00%	100.00%
Shanxi Jiuzhou Yinghong Industrial Development Co., LTD	Xian	Real estate development and Hotel management	6,447.45	70.00%	70.00%
The Oceanwide Media Holdings Co., LTD	Beijing	Investment management	3,435.50	90.00%	90.00%
Beijing Jingguan Xincheng Advertising Co., Ltd	Beijing	Advertisement	80.59	100.00%	100.00%
China Oceanwide International Investment Co., LTD	Beijing	Investment management	190,980,000\$	100.00%	100.00%
Fanhai Green Energy Investment Co., LTD	Hong Kong	Investment management	1,611.86	80.00%	80.00%
China Minsheng Trust Co., LTD	Beijing	Trust	16,118.63	69.30%	69.30%
International Investment (USA) Co., LTD	USA	Investment management	9900,000.00\$	100.00%	100.00%
Minsheng Wealth Investment Management Co., LTD	Beijing	Financial sales	1,611.86	100.00%	100.00%
Fanhai Gallery	Beijing	Exhibition	483.56	100.00%	100.00%

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3. Other Related Parties of the Company

Name of the Related Parties	Relationships with the Company
The Oceanwide Holding Co., Ltd.	Non-controlling shareholder
Changxin Capital Investment Management Co., Ltd.	The same ultimate controlling shareholders
China Minsheng Banking Corp., Ltd.	Associated natural persons as the vice chairman of the Company
Legend Holdings Ltd.	Associated natural persons as the director of the Company

4. The Transactions between the Company and the Related Parties

(1) The transactions between the Company and Related Parties are made at the price on the basis of fair market price.

(2) The Transactions

① Stock Transaction: There are no disclosable stock transactions between the Company and the Related Parties during this period.

② Receivable accounts balance payable to the related parties

Name of the Related Party	Economic Content	Ending Amount
The Oceanwide Holding Group Co., LTD	Accounts payable	1,572,687.04
The Oceanwide Holding Group Co., LTD	Other payable	9,014,259.8
The Oceanwide Holding Group Co., LTD	Other receivable	459,006,913.72
Changxin Capital Investment Management Co., LTD	Other receivable	755,146,497.37
Tonghai Holdings Co. Ltd.,	Other receivable	10,837,860.08

XIV. Other contents that should be disclosed in accordance with the relevant financial and accounting policies.

None

XV. The Approval of the Financial Statements.

This financial statement had been approved by the Company's Board of Directors.